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# USSR Report

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No. 2, February 1984

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20 April 1984

## USSR REPORT

### WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 2, February 1984

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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#### ENGLISH SUMMARIES OF MAJOR ARTICLES IN 'MEMO' JOURNAL

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 158-159

[Text] The article "Europe in World Politics of the 80ties" exposes the anti-detente, anti-Soviet, nationalist, militarist and hegemonist course of the Reagan administration, projected at gaining military superiority and preparing nuclear war against the USSR. Such a course is not an isolated one. It is a system rooted in the ideology, policy and military strategy of modern imperialism. The US policy is characterised as an integral part of the imperialist policy which gives rise to wars where anti-Sovietism and anti-communism are simply a smoke-screen for the pursuance of a hegemonist policy by would-be arbiters of the world's destiny, a cover-up for an aggressive militarist policy inimical to the interests of all humanity. The article points out that the deployment of the new US missiles in Europe infinitely heightens the danger of the security of the West European countries, brings disaster upon the people of Europe. The article makes clear the futility of the attempts to impose upon Western Europe foreign and political approaches which would meet only the interests of the United States and the NATO bloc and would prejudice the legitimate interests of the USSR and its allies. It is stressed that the Soviet Union will in all circumstances be able to ensure its own security and also the security of its friends and allies.

The article "Against Nuclear War Threat. For World Peace" by Yu. Tomilin is dedicated to the result of the 38th UN General Assembly session. It dwells upon major initiatives put forward by the Soviet Union for removing the nuclear threat and curbing the arms race. The participants of the forum approved the declarations on the "Condemnation of Nuclear War", "Freezing of Nuclear Armaments" and a draft "Treaty on Prohibition of the Use of Force in and from the Outer Space in Relation to the Earth". Nuclear war was condemned emphatically, irreservedly and irrevocably as inimical to human conscience and reason, as the most monstrous of crimes against humanity. The Soviet Union put forward a number of important proposals aimed not only at banning of nuclear arms, but also at banning of any kind of weapons, chemical included. The Soviet initiatives are yet another demonstration of the Soviet Union's good will and its determination to strengthen peace and security on the Earth. The article points out that to remain in the minority on general questions of war and peace, even alone on the question of space war means to demonstrate that on the most important issue the United States are marching out of step with the rest of the world.



The Soviet proposals accord with the sentiments of humanity as they condemn war and call for an end to the build-up of weapons of mass destruction. The article shows how the forces, bent on military confrontations tried to divert the attention of the Assembly from a discussion of the key issues of the day.

The West European center of imperialist rivalry has become an important exporter of capital, reflecting the beginning of the new stage of the productive forces development in the region. The monopoly capital of Western Europe strives to solve the structural problems by means of the growing internationalization of production. Yu. Yudanov in the article "The Export of Capital from Western Europe" examines the evolution of foreign expansion of the European countries, pinpointing the particulars of its three main stages.

The first stage was closely linked with the productive forces development inside the West European region. The main goal of foreign investment activity then was to provide for the balanced deliveries of raw materials and energy resources. The second stage commenced when the active industrialization in the West European countries has been completed. It put forward the following motivation: the increase of the absolute scales of production, the prolongation of the "product life cycle", implementing the installation of production facilities in the regions of the final consumption. The third stage of foreign expansion of Western Europe was marked by the so-called English syndrome, meaning that foreign activity has priority upon the internal capital investments.

The author also features the new orientation of the export of capital from the West European countries--the economy of the U.S.A. emphasizing the actual forms and methods of foreign direct investments especially in the high-technology branches of economy. The economy of the NUC's also attracts the West European capitals.

The shift in foreign activity of Western Europe from trade towards direct investments challenges the main competitor--the U.S. capital, thus leading to a new surge of interimperialist rivalry.

Services today are the consistent element of the whole production structure. They represent the large sector of the capitalist economy, deeply influencing the process of the reproduction. Taking the example of the U.S.A., L. Demidova, V. Usoskin, I. Sheiman in the article "Services in the U.S.A.' Contradictory Trends of Development" trace the active integration of various services into the unique economic complex, the growth of the technological and reproductive interdependence between the services' sector and the materials production, which reflect the most peculiar characteristics of the postwar development of the U.S.A.

The socio-economic consequences of the noticed above objective processes are multifacet, but they have nothing to do with the wide spread concepts of the mid-60s, when the theoreticians of the "post-industrial society" proclaimed the transformation of the capitalist system into the economy of services. They considered that such transformation would lead to more stable rates of growth, the elimination of crises, the diminishing of social differentiation, the ease of class confrontation. The acute aggravation of reproduction,



cyclical and structural crises of the 70's and the early 80's buried the hopes that the expansion of services could involve the socio-economic stabilization of capitalism. It was services' sector that contributed essentially to the deepening of the capitalist antagonisms. The analysis given in the article is a striking illustration of this conclusion.

Trade sphere in modern Japanese society plays an important socio-economic role. I. Tselitshev in the article "The Domestic Trade of Japan" examines the particulars of its structure, the level and dynamics of its efficiency, its social role, in other words, the actual problems of the development of internal trade.

Commencing with the characteristic of the concentration process in the domain of the wholesale and retail trade, the author accounts for the stable level of Japanese firms' sales despite their size and arrives to the conclusion that the essential factor offsetting the ousting of small companies from the trade arena is the state regulation pursuing the socio-political goals.

Proceeding to the main types of trade enterprises in Japan the author dwells upon their comparative advantages and prospects for their further development specifying the retail and wholesale trade.

The special emphasis in the article is laid on the problem of the internal trade efficiency, stressing its impact upon the general conditions of the reproduction process in Japan. As far as the social aspects of internal trade are concerned the given investigation reveals the contradictory interrelation between the big business and vast masses of consumers, the society, as the whole. The gap between the growing needs of the population, the techno-economic potential of trade enterprises, on the one hand, and the degree of the demand satisfaction, on the other, becomes more and more evident.

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EDITORIAL ASSERTS U.S. 'REACTIONARY' POLICY RAISES DANGER TO WEST EUROPE

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 3-10

[Editorial: "Europe in the World Politics of the 1980's"]

[Text] Deployment of the American medium-range missiles in West Europe began at the end of 1983. It is not a question of an isolated or transitory phenomenon of international life. It has its sources in the ideology, policy and military strategy of modern imperialism, primarily American. The consequences of this step which could subsequently become even more serious, are being engendered today even.

The installation of the new American missiles casts a dramatic reflection on the fate of Europe in the world politics of our day. It once again associates this continent with the idea of war--war which twice in the 20th century has started as European and subsequently embraced the whole world. In May 1917 V. I. Lenin wrote: "...It is precisely a matter for an understanding of modern war of us having first of all to cast a general glance at the policy of the European powers as a whole.... It is necessary to take the entire policy of the entire system of European states in their economic and political interrelationship in order to understand how a given war was constantly and inevitably ensued from this system."\*

Almost 70 years have elapsed since then. It is essential today to insert in the policy of imperialism the primary and decisive element--the foreign policy of the United States. For an understanding of the role of the missile action being pursued by the United States and NATO in the overall process of the preparation for war by adventurist circles of imperialism it is necessary, abiding by V. I. Lenin's methodological instruction, to take the entire policy of the entire system of imperialist states (primarily the United States) in order to see how war could "ensue" from this system.

There is every reason to claim that in our era such a course of events is not inevitable inasmuch as imperialism is opposed in the international arena by socialism with its peace-loving policy, which enjoys extensive international

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\*V.I. Lenin, "Complete Works," vol 32, p 80.



support. This, of course, makes fundamental changes to the international conditions under which imperialism has to operate. But another outcome capable of making the prospects of the development of European history sharply worse is possible: if imperialism were to unleash on the territory of our continent a "limited" war, on this occasion also it would not be a regional but a world war and would be the prelude to a general nuclear catastrophe. It is for this reason that the R. Reagan administration's deployment of Pershing 2's and cruise missiles in West Europe with the participation of the NATO states, primarily the FRG, Great Britain and Italy, is capable of changing for the worse the course of the continent's postwar development.

"For almost 40 years--longer than at any time in modern history--Europe has been living under peaceful conditions," the 24 November 1983 statement of Yu. V. Andropov, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, observed. "This has been possible thanks to the consistent peace-loving policy of the socialist community countries and the efforts of the continents' peace-loving forces and also the realistic position of sane politicians in the West. The rough equivalence of military forces, nuclear included, which has taken shape in Europe between the states of the North Atlantic alliance and those of the Warsaw Pact has objectively served the cause of European security and stability.

"Now the United States and NATO as a whole are taking a step aimed at tipping the scale toward their side. The nuclear missiles being deployed in proximity to the borders of the Soviet Union and its allies are intended by no means for the defense of West Europe--no one is threatening it. With the deployment of American missiles on European soil there is an increase not in Europe's security but the real danger that the United States will bring the European peoples catastrophe."

# I

The United States' European policy is shaped under the highly distinctive domestic conditions of American society, in the specific process of the adoption of foreign policy decisions by the highest echelons of power. This is of particular meaning in this case.

Throughout the postwar period, however the correlation of economic and political forces between the United States and West Europe may have changed, whatever new forms of their mutual relations may have come to the fore and however much talk there is of "partnership" and "interdependence," West Europe has always been and remains in Washington's eyes merely an instrument for the accomplishment of tasks of interest to U.S. administrations from H. Truman through R. Reagan.

The United States' European policy is a policy for purposes which Washington itself determines, but attempts to realize at the expense of the interests of the peoples of Europe. Furthermore, the installation of American missiles on West European territory has laid bare to the utmost the fact of the conscious endeavor of Washington, imbued with the most complete egotism, to place the entire tragic burden of the consequences of a nuclear war precisely on the shoulders of Europe. The purpose of this manipulation is the United States'



intention to divert from itself a retaliatory strike in the event of realization of the adventurous attempt to "win" a nuclear war.

The action of the Reagan administration, which has resulted for Europe in an escalation of the nuclear threat, has its own ideological and political sources. They consist of the galvanization by the American ruling upper stratum of extreme conservatism, which has been developing in the United States for many years in different social strata and in many forms. The introduction of the most reactionary ideology in the United States' foreign and domestic policy and the imposition on West Europe of a dependent role in the context of Washington's realization of the "American dream" of the United States' all-embracing power in the world are being observed currently. The meaning of the installation of the Pershing 2's and cruise missile in Europe cannot be evaluated without an understanding of this.

The 1970's "wave of the right" embodied in Reagan's foreign policy course emerged in specific domestic political, socioeconomic soil. But the considerable role of international conditions and their specific evaluation by both ruling circles and certain strata of the American population cannot be underestimated. The strengthening of the right in the country was directly connected both with the United States' actual role in the world of the 1970's-1980's and the distorted ideas of this role created in American society itself, primarily in its upper stratum.

It is indisputable that the last 10-15 years have produced much evidence of the changed role of the United States in world economics and politics and an absolute and relative weakening of the positions of American imperialism. Both qualitatively and quantitatively the sphere of Washington's domination and influence has narrowed.

This was expressed in the most concentrated form in the elimination of U.S. military superiority and the establishment of strategic parity between the United States and the USSR on the eve and at the outset of the 1970's. The successes of the peoples of Vietnam, Laos and Kampuchea in Southeast Asia, imperialism's "loss" of Angola and Ethiopia in Africa, the democratic transformations in Nicaragua and the insurgent struggle in El Salvador have proven particularly severe for Washington. The Iranian-American crisis and the failure of the United States' direct military demonstrations against Tehran also testified to the decline in Washington's power and influence in the world. The United States' economic, political and military-strategic relations with its West European allies and Japan proved extremely complex in this period. This instilled in Washington fears that the control of NATO and Japan was slipping from its hands.

Such diverse, dissimilar, varied and at times unconnected events in the international arena were perceived by the American elite as proof of the validity of the proposition concerning the "United States having been driven to the edge." This was presented as an unparalleled and intolerable "national humiliation". This was precisely the belief of the ruling upper stratum. At the same time the passions surrounding the "dramatic change" in the U.S. role in the modern world were also consciously spurred by the military-industrial complex and certain groupings of professional politicians and intellectuals.



The "neoconservatives," with whom the "New Right" and the traditional conservatives in the center and locally, particularly among the military, are interlocked in a highly complex way, twisted the flywheel of nationalism, chauvinism and the cult of military power to recreate the military superiority of the United States and "revive" its past influence on the course of events in the world.

The manipulation of public opinion, particularly via the mass media, created in a certain part of the population also sentiments of nationalism, chauvinism and military-power hysteria in connection with the "hurt" and "humiliation to which the country had allegedly been condemned by "anti-American forces" in the world, primarily the USSR.

The prism through which, flagrantly distorted and exacerbated, true international events and their causes were refracted were various organizations of the right based in universities and other academic organizations (Georgetown University's Center for Strategic and International Studies, the University of Southern California, the Council for International Relations, Tufts University, the Hudson Institute, the Hoover Institute, the Foreign Policy Analysis Institute in Cambridge) and in a number of publications.

The representatives of the "wave of the right" concentrated the explanation of the causes of the "drama" which the United States experienced in the 1970's on the fact that the USSR had allegedly lured Washington into the "trap of detente," which it itself had at the same time expanded its might "at the expense of the United States." A considerable role in this vision of the causes of the decline in the role of the United States and the endeavor to change by force the course of events in Washington's favor was also performed by the pique of a certain part of American society at the Watergate and other scandals of the past decade. The significance of the economic crisis developing in the country also has to be considered.

All this merged together in the evaluations and recommendations of the "neo-conservatives" on question of foreign and military policy, preparing favorable ground for their perception and support at the top, in the "middle class" and, partly, among the masses of American society. Channelling the hatred of detente and the USSR into "jingo-patriotism" and reliance on strength, the "neo-conservatives" did everything to ensure that Reagan's policy took shape precisely as an antidetente, anti-Soviet, chauvinist, military-strength and hegemonist policy.

Washington's foreign policy line in the 1980's is a projection onto the whole world of hopes for the achievement of the United States' superior military power and the pursuit of power politics in respect not only of the USSR, the other socialist states and the developing countries but also its allies. The cornerstones of this course are anti-Sovietism, anticommunism and confrontation with the socialist world and all forces personifying social progress.

The primitivism of the foreign policy "response" of the right to the objective changes in the world embodied in the policy of the Republican administration is sufficiently obvious. But this is far from always an expression of



a weakness of position. Sometimes this is an intended primitivism which is to be "inscribed" in the corresponding notions of the most conservative part of American society concerning America's role in the world and the goals and means of its foreign policy and is aimed at winning support in these circles.

The foreign policy credo of "neoconservatism" in the contemporary version was expressed in the formula of a "crusade" against socialism announced by Reagan during his visit to West Europe in June 1982. The call for a "crusade" was, in the thinking of its initiators, to have stirred in the West Europeans certain historical reminiscences. These were to have been not only recollections of the medieval crusades but also of W. Churchill's Fulton speech, which opened the way to the cold war.

Having created a network of its medium-range missiles on West European soil, the United States is constructing its practical policy on the reckless promise which has been put forward by Reagan and which calls for a "crusade". It is as if the U.S. Administration and the governments of other NATO countries would like to underpin this adventurist premise with a concrete nuclear base. The American missiles are to ensure the strategic success of the "crusade" here.

It is difficult to say which is the greater in this formula--Washington's flagrant deception of the West Europeans or political banality and an incomprehension of the historical realities of the 20th century. After all, a "crusade" in its present version means a nuclear catastrophe for Europe.

Some people are attempting to impart to Washington's present European policy features of a consciously emphasized "regionalization". The United States' attempt to break up on the eve and at the outset of the 1970's [sic] the rough equivalence of military forces and achieve military superiority is portrayed such that this decision pertains solely to European territory, is of a purely "regional" significance and is without wide-ranging and long-term strategic consequences. But the United States is making a nuclear tragedy West Europe's possible future not only because it is deploying new missiles on its soil but also in view of the fact that it is tying West European states to its global strategy, for which the United States' military superiority is both the goal and point of departure.

The deployment of the American medium-range missiles in Europe should be perceived in a single complex with such facts as the creation of new strategic weapons systems, the calculation based on ABM space missiles and promotion of the concepts of the "acceptability" of nuclear war in its "limited" and "protracted" versions.

The present action of the Reagan administration in West Europe is merely some kind of "process stock" in the United States' global strategy whose purpose is the creation of military superiority over the USSR. All this forms the general outline and sets the near and distant reference points of U.S. policy. What is being done with the American missiles in West Europe is regarded by the R. Reagan administration as a chance to gain at least temporary military superiority at the "regional" level, there being, as of the present, obviously no chance of achieving it globally. But if one goes into the present "European"



action of the United States and the Reagan administration's actions in the Near, Middle and Far East, which are undoubtedly interconnected with it, one easily discerns here a threatening gesture in the direction of American imperialism's global military domination in the world of the 1980's-1990's.

It is natural and logical that the USSR and its allies deemed it necessary to elaborate and adopt a number of measures to prevent disturbance of the rough military equivalence in favor of the United States and displayed a resolve to neutralize the threat created by the installation of the new American missiles. The meaning of the retaliatory Soviet measures is perfectly clear. They will be commensurate to the increasing threat which emanates from the United States and NATO. The Soviet Union, as Yu.V. Andropov emphasized, "does not aspire to military superiority, and we will do only what is absolutely necessary to prevent disturbance of the military balance."

The new American missiles, of course, raise to a considerable height one of the "shoulders" of the existing balance of military forces. The Soviet side's retaliatory measures are aimed at raising the other "shoulder" of the current balance of forces on a strictly corresponding scale. The rough military equivalence is thereby recreated, but, of course, at a higher level of saturation with nuclear weapons. The blame for this lies entirely and fully with Washington.

From the very outset the United States blocked the Geneva negotiations and prevented their positive, constructive outcome. It marked time until, despite all the conditions, the Pershing 2's and cruise missiles were, nonetheless, placed on the territory of West Europe. It cannot be considered seriously that the rulers in Washington and the American delegation in Geneva believed that the USSR would ever accept the "zero option" or the "interim solution," whose sole meaning amounted to the Soviet Union's unilateral nuclear disarmament. In accordance with the logic of these proposals, the USSR was to have "made a gift" to Washington of military superiority. It is not thought the refusal to perceive the realities of the modern world has gone so far in Washington. No, the White House was not hoping even secretly for the hypothetical possibility of the "unconditional surrender" of the USSR--a power the equal of the United States in military might.

In vain did R. Reagan, C. Weinberger and other zealots of the United States' military superiority portray consternation in connection with the USSR's statement of the impossibility of its continued participation in the Geneva negotiations and the Soviet Government's adoption of retaliatory measures. This affected astonishment of the Washington leaders concealed, evidently, not only perplexity but also the perception of a foreign policy defeat. A purely propagandist tone is now being adopted in the White House: the USSR has not, allegedly, closed for itself the door of the Geneva negotiations and will inevitably return, and Moscow will possibly not implement its retaliatory measures. The absurdity of such a formulation of the question is obvious.

Of course, if the United States and other NATO countries display a readiness to return to the situation which existed prior to the start of the deployment of the medium-range American missiles in Europe, the USSR will be ready to do this also. But only in this case.



## II

Taking as a basis the actual course of the historical process, a glance at the European and world politics of the 1980's does not permit the mechanical transfer to the present day of the logic characteristic of the times of the Marshall Plan, the Truman Doctrine and the creation of NATO. Matters cannot be conceived such that in the present situation it remains the lot of the West European countries merely to agree with Washington and subordinate themselves to it. It is a question of a far more complex and contradictory process.

U.S. pressure on West Europe along the entire spectrum of possibilities currently at its disposal was very considerable both at the NATO Council Brussels Session in 1979 and in the subsequent course of events. Washington consented in Geneva to an imitation of negotiations, which Reagan himself had condemned to failure in advance. But counteractions of a number of West European countries were also undertaken here which afforded the United States additional opportunities for such pressure on the NATO allies.

The most assertive role in pushing through the plan to deploy the American medium-range missiles in West Europe was performed by Bonn. Its purpose was formulated in the multivolume publication "Foreign Policy Prospects of the West German State," whose publication began in 1971: "The perfectly understandable interest of the FRG consists of an endeavor to compensate for its dependence on the alliance with its increased influence therein." It would seem that on the question of the American missiles also the federal chancellors followed the same path.

With the change in the FRG Government at the start of October 1982 support for Reagan's military-strength policy was even more unconcealed. True, Defense Minister M. Woerner attempted in a DER SPIEGEL interview to persuade people of the opposite. "From the time of the founding of the FRG through the present," he declared, "a fundamental goal of our foreign policy has been a renunciation of the use of force. So it remains." The minister claimed that he considers "insane any concept of limited or controlled nuclear war." These pronouncements, however, do not withstand comparison with the practical actions of the CDU/CSU and FDP coalition on the question of the deployment of the new American missiles. The FRG Government White Paper for 1983, which was published at the time when the missile action had already begun to be implemented, repeats almost entirely the ideological, political and military-strategic justifications of Washington's policy.

The deployment of the new generation of missiles forms its own--and highly dangerous--logic of international development, which remains on the conscience of both the leaders of the United States and the politicians of the other NATO countries operating in concert with them.

In consenting to the deployment of the American missiles the West European countries could not have harbored illusions concerning the prospects of their own security. "The decisions adopted...by the governments of the FRG, Britain and Italy," Yu.V. Andropov's 24 November 1983 statement observed, "indicate unequivocally that, contrary to the will of their own peoples, contrary to the interests of the security of their countries and contrary to the interests of



European and world peace, these governments have given the go-ahead for the installation of the American missiles. They have thereby assumed together with the U.S. Administration the entire responsibility for the consequences of the short-sighted policy about which the Soviet Union gave advance warning."

No one in the West with the minimum of realism can now claim that the United States is providing the West European countries with a greater "guarantee of security" than before. It is now clear to all that such "guarantees" are fraught with an exacerbation of the military-political confrontation with the USSR and could result in a catastrophe for West Europe, which finds itself simply pinned to the global nuclear strategy of the United States. West Europeans are absolutely not in a position to control even the regional aspects of the realization of this strategy.

The thoughtless, dangerous nature of the playing by a number of West European governments of the nuclear "card" would appear in this light more than obvious. It has to be galling to recognize this today in the capitals of West European states, but they cannot fail there to perceive the consequences of this turn of events. It is precisely the installation of the American missiles which is engendering an instability in the military-political situation and a clearly defined threat to the cause of peace and general security. The results of the December 1983 session of the NATO Council leave no doubt as to the justice of this conclusion.

The capacity of certain American ideologists and politicians for arguing in the nuclear age the "acceptability" of this version of war or the other and the achievement of victory in such a war is striking. The realities of nuclear war leave no chance of victory. The U.S. political leadership bears full responsibility for the concept of a "limited" nuclear war in Europe. Neither a "limited" nor "protracted" nuclear war nor the prospect of use of the neutron bomb nor medium-range missiles from West European territory may be regarded as some alternative to a general nuclear war. With reference to Europe all this could mean only one thing--ecocide, the annihilation of the population and its habitable environment.

There is a further circumstance directly concerning the problem of the security of the West European states. The deployment of the new American missiles increases many times over the risk of their being involved not only in possible all-European conflicts with the highly probable prospect of the use of nuclear weapons but also in extra-European conflicts, including here on territory where there are subsequently, according to Washington's plans, to be missiles--the twins of those now being deployed on our continent. The Grenadan and Lebanese "models" of American policy are "promising" in respect of the NATO countries. Great Britain, France and Italy have already been pulled by the United States into the bloody maelstrom of events in Lebanon. Washington's demands for the NATO countries' participation in military operations in other parts of the world also cannot be ruled out.

Some leaders of West Europe wish to give the impression that nothing terrible happened with the start of the deployment of the new American missiles. Others assert that they had to go along with this "for the sake of saving NATO." In confirming their consent to the deployment of American missiles in their countries the governments of the FRG, Britain and Italy could not have failed to



have known that from the very outset the United States did not wish to achieve a mutually acceptable accord on nuclear arms in Europe and was doing everything at the Geneva negotiations and outside of them to ensure that there be no such accord. Nor could they have failed to have known that the Soviet Union and its allies would unfailingly adopt the necessary measures to protect their security, preventing the United States and NATO as a whole from breaking up the existing rough equivalence of forces in Europe. In adopting the retaliatory measures the USSR and other socialist countries proved in deeds that they will not permit a breakup of the approximate military balance, to which Washington's leaders and certain West European politicians aspired. Nothing would have threatened the NATO countries if West Europe had not accepted the U.S. missiles. With their deployment there is less stability in Europe, an increased nuclear threat and a deterioration in East-West relations.

The serious danger hanging over Europe in connection with the deployment of the new American missiles on its territory is indisputable. At the same time, however, the peoples of this continent would not want to consider the current situation irreversible and the further movement of events for the worse a fatal inevitability. There is a sensible alternative to such development. It is the need for a continuation of the all-European process of strengthening security and cooperation begun by the historic decisions of the All-European Conference in Helsinki and newly confirmed in the impressive results of the Madrid meeting. The Stockholm conference on confidence-building measures and security and disarmament in Europe could play a constructive part in ensuring our continent's peaceful development.

Yu. V. Andropov pointed out in his 24 November 1983 statement that if the United States and other NATO countries display a readiness to return to the situation which existed prior to the start of the deployment of the American missiles, the proposals which the Soviet Union submitted earlier on questions of limiting and reducing nuclear arms in Europe would again be valid. In this case, that is, on condition of restoration of the status quo ante, the Soviet Union's unilateral commitments in this sphere would also take effect again. The Soviet proposal on making Europe free of nuclear weapons--both medium-range and tactical--altogether would also remain relevant.

For the Soviet Union neither the present crucial moment in Europe, the long-term prospects of the European states' security nor the part which Europe will play in the world politics of the 1980's are subjects of political marketeering. They are vitally important and constant concerns of the Soviet state's European and world policy.

The voice of the land of soviets rang out impressively and authoritatively on the eve of the new year of 1984. The decisions of the CPSU Central Committee December (1983) Plenum and the USSR Supreme Soviet session and the New Year congratulations to the Soviet people, which have had broad international repercussions, were inspired by the profoundest concern for peace and the good of the peoples. These important events and documents are imbued with the resolve to rebuff the enemies of peace and adopt the necessary measures designed to maintain military parity and protect the security of the peoples. The highest organ of legislative authority of the USSR emphasized in a businesslike



decree full of profound concern for the future of Europe and the whole world:  
"The USSR Supreme Soviet solemnly declares that the Soviet Union does not  
infringe the security of a single country--West or East. It wishes to live in  
peace with all countries and implement the principle of the peaceful coexistence  
of states with different sociopolitical systems. The highest organ of power  
of the Soviet state expresses confidence that reason can and must save mankind  
from nuclear catastrophe. An impressive contribution to the solution of this  
problem, today's most urgent problem, can and must be made by the parliaments  
and peoples of all countries, for which the USSR Supreme Soviet and the Soviet  
people appeal to them."

The positive contribution of the European states to the world politics of our  
time can and must consist of the concentration of their efforts on the accomplish-  
ment of the tasks which have always been most serious primarily on the soil  
of this continent and which today have become absolutely urgent: halting the  
process of militarization and the arms race, preventing the outbreak of a  
nuclear catastrophe, freeing material resources for creative needs and reveal-  
ing all the creative possibilities of the human personality.

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## UN GENERAL ASSEMBLY RESPONSE TO SOVIET ANTI-NUCLEAR PROPOSALS SUMMARIZED

[Editorial Report] Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, February 1984 carries on pages 11-20 a 4,500-word article by Yu. Tomilin entitled "Against The Threat Of Nuclear War, For Peace On Earth: Results Of The 38th UN General Assembly." The article states that the latest session took place under "exceptionally alarming international conditions," due mainly to US militarist policy aimed at securing world supremacy. Tomilin asserts that the placement of American nuclear missiles in Europe has increased the threat of nuclear war in Europe and elsewhere, thus affecting the main work of the 38th session, the elimination of such a threat. He then details the Soviet proposal for a declaration "On the Condemnation of Nuclear War," which was approved of by an overwhelming majority of UN votes. He reviews previous Soviet declarations on nuclear war as background. In particular, the proposal to the 38th General Assembly session is based on a proposal made in the summer of 1983 to the United States, Great Britain, France and China, calling for a freeze on nuclear weapons and suitable controls on existing weaponry, nondeployment of new types of nuclear weapons, the establishment of a moratorium on testing, and reducing materials for their production. The proposal calls for the USSR and the USA to freeze their arsenals "simultaneously, as an example to other nuclear powers to freeze nuclear weapons on a bilateral basis." According to the author, stopping the growth of nuclear weapons "would not only be effective but, what is especially important, would be relatively easy to accomplish." He rejects as "demagogic" US and Western claims that a freeze would strengthen the current imbalance in the area of nuclear weapons, "thus serving the interests of the Soviet Union" and calling for a reduction rather than a freeze in nuclear weapons. Regarding verification, Tomilin disputes the claim that a freeze cannot be verified and considers that a freeze can be controlled through national technical means.

The article notes approval of another Soviet initiative by the General Assembly on concluding a treaty banning the use of force in space, a further development of a 1981 Soviet proposal for a treaty to ban the placement of any type of weapon in space. According to the author, "Along with this, the discussion concerned a complete rejection of creating new anti-satellite systems and also the elimination of those already in existence." "The Soviet delegation announced that if it would help matters, the USSR was ready to conduct separate talks on anti-satellite systems, including those on a bilateral basis with the USA." This is claimed to reflect Soviet efforts to solve the problem of anti-satellite weapons through a self-imposed restraint on first introduction of such weapons in space as long as other nations, particularly the USA, abstain from introducing any type of anti-satellite weapons. The proposed treaty would forbid anti-satellite weapons tests and would eliminate existing weapons.



The Soviet delegation is quoted as stating that "If there is anyone for whom the literal meaning of these words is unclear, we can clarify that with a ban, both Soviet satellite destroyers and American systems on F-15 aircraft and other systems would fall under this case."

Tomilin notes that the "obstructionist line of the American administration was widely condemned by participants in the US session" at talks on limiting nuclear weapons in Europe and the placement of American missiles in Europe. He goes on to criticize the USA for not ratifying the agreements of 1974 and 1976 on limiting underground nuclear weapons testing and for "sabotaging" the beginning of multilateral talks in the Committee on Disarmament. He claims that the reason for this "sabotage" is that "in the next six months, the Pentagon intends to develop and produce nearly 17,000 new [units of] nuclear ammunition." Furthermore, he quotes an Arms Control and Disarmament Agency response to a congressional committee as stating that nuclear testing "is necessary for the development and modernization of warheads, supporting the reliability of accumulated stocks, and evaluating the effect of using nuclear weapons."

Other issues addressed include nuclear nonproliferation and the increased threat from the US chemical weapons rearmament program, said to cost about \$10 billion over the next five years, with the number of units to increase from three to five million. Tomilin notes that the new binary weapons are safer to produce, but that the risks will take place outside of US borders. He also notes that American representatives to the UN tried to move against the USSR and Vietnam with "slandorous charges" concerning their use of chemical weapons. Other issues briefly mentioned included resolutions on limiting naval operations in areas of tension; US-Israeli actions in Lebanon; recognition of the PLO; a demand that the USA withdraw its forces from Grenada, condemning such "aggression"; the right of South African people to fight for "liberation", using any means; freedom for Namibia; and condemning the infringement of human rights by Israel, South Africa, El Salvador, Guatemala, and Chile.

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## MILITARIZATION OF FRENCH POLICIES, CONCESSIONS TO NATO, U.S. CLAIMED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84 (signed to press 13 Jan 84) pp 64-71

[Article by A. Kudryavtsev: "France and Some Military-Political Questions"]

[Text] The foreign and military policies of France of the time of President de Gaulle were characterized by features which not simply distinguished it from other capitalist states but also enabled it to play an independent part in the European and international arena. The program of the French Socialist Party [PSF] with which it came to office in 1981 was oriented toward the further development of these features.

Paris officials declare even now that the country's foreign policy is distinguished by "improved continuity". Yet the specific actions of the present French leadership testify to a departure for the worse, from the viewpoint of ensuring European and world peace, from many principles laid down by de Gaulle and even to a break with the former precepts of the PSF itself.

### I

The military-political section of the Socialist Party's program was drawn up with regard not only for the role which France intends to perform in the world but also the state of affairs in the country's economy and armed forces and also the strategic doctrine which had been developed by this time. What are the basic singularities of the legacy inherited by the new leadership in this sphere?

The report "France in May 1981" provides the following description of the national armed forces. Their strength had risen to 587,000 men. The ground forces (320,000) represent "a mechanized army capable of participating in operations using atomic weapons." Attached to them are gendarmerie units (79,000) subordinate to the Defense Ministry, which are entrusted with functions for "maintaining internal order". The naval forces (68,000) consist of 168 warships and support vessels and are the "fourth navy in the world."<sup>1</sup> The personnel of the air force (approximately 100,000) maintains 450 warplanes and 150 transport aircraft.

France possesses its own nuclear potential. The leading place in the strategic triad is occupied by the submarine missile fleet--five nuclear submarines each with 16 M-20 missiles with a 1-megaton nuclear warhead and a range of



up to 3,500 kilometers. Strategic bomber aviation consists of 42 Mirage-4A aircraft with a range of 1,200-1,800 kilometers, each carrying a nuclear bomb with a yield of 70 kilotons. The ground part of the triad is represented by 18 launchers for S-3 ballistic missiles (with a monobloc nose cone with a thermonuclear warhead with a yield of 1.2 megatons) capable of hitting targets at a distance of up to 3,500 kilometers.

France also possesses tactical nuclear weapons--75 25-kiloton nuclear warheads on Pluto missile launchers with a range of 120 kilometers and 40 atomic bombs with a similar yield, with which the Mirage-3E and Jaguar aircraft, which are deployed at ground air bases, and also the carrier-based Super-Etendard ground attack aircraft are fitted.

A consequence of the unswerving buildup and modernization of the military potential is the constantly increasing militarization of the national economy. Some 330,000 persons are employed directly in arms production. In the opinion of specialists, for a correct idea of the relative significance of the military sector in the national economy it is essential to take account of those employed in related sectors--then the adduced figures are at least doubled. Some 78 of the 90 sectors distinguished by statistics work for the defense department, while in the turnover of some of them the military product predominates thus: 70 percent in aircraft assembly, 65 percent in electronics and 50 percent in nuclear industry. The activity of 33 percent of scientific-technical personnel and up to 60 percent of the outlays on R&D are related to the creation of new arms systems.

Fifteen large-scale companies, the majority of which are state-controlled, constitute the nucleus of the military-industrial complex. The proportion of Defense Ministry orders in their total sales is over 50 percent. The list of leading arms producers is headed by the SNIAS (production of military helicopters and aircraft, missiles and ballistic missiles), Thomson-CSF (radars, telecommunications facilities, air defense missiles), Dassault (combat aircraft), Matra (missiles) and SNECMA (aircraft engines) companies.

The costly upkeep of the military industry was originally justified by the fact that the country's capacity for independently equipping its own army was a condition of an "independent defense policy". However, the military-industrial complex rapidly outgrew the national framework and turned its sights to foreign markets. From 1970 through 1978 the value of arms supplies abroad increased sevenfold, and France firmly consolidated its position of the capitalist world's second arms exporter after the United States.

The authorities encouraged the expansion of the arms manufacturers not only because it was regarded as an additional instrument of the achievement of foreign policy goals in the developing countries, to which the main flows of military output were channeled. Commercial considerations were also of considerable interest in the crisis atmosphere of the 1970's. Currency proceeds from military equipment became a means of covering the balance of trade deficit, compensating for industry's structural weaknesses. In recent years approximately 60 percent of the product of the military-industrial complex has been sold on foreign markets.



The new political leadership also inherited the specific defense mechanism which took shape following the country's withdrawal from NATO's military structure (1966). This bold step, which was taken by President de Gaulle, enabled France to restore sovereignty over the armed forces, free itself from NATO automatism and protect itself against being involved in conflicts alien to its national interests. The decision to withdraw the army from the aegis of the integrated command was conceived as an integral part of the overall foreign policy concept, whose declared goal was ensuring the country's freedom of action in the international arena.

General de Gaulle clearly saw that the effect which it was proposed to derive from freedom of action within the Western alliance would depend to a considerable extent on an easing of tension in East-West relations. It was natural, therefore, that the development of cooperation with the USSR and other socialist countries was a priority of the foreign policy of the Fifth Republic. According to the official formula which has been in effect throughout the past 15 years, national defense together with a process of detente constitutes the basis of the country's security.

Since 1966 the mechanism of French defense has been based on the strategy of "restraint," the essence of which consists of the potential threat of the use of nuclear forces to deliver a massive strike against the enemy's vital centers. The supporters of "restraint" have asserted that in abiding by this strategy France is drawing a precise boundary between its own defense and the NATO strategy of "flexible response," which admits of the possibility of an armed, including nuclear, conflict in Europe.

The French concept of "restraint," which appeared in the mid-1960's, incorporated a number of principles which made it possible to speak of Paris' military policy as being independent. Among these, together with independent nuclear planning, were the precise determination of the boundaries of the defense zone, which coincided with national territory. In the endeavor to dissociate themselves from NATO and secure a field for military-political maneuvering certain theorists of "restraint" recommended that defense be organized such that it not be oriented against a predetermined enemy.

However, this version of the concept, which is compared by certain political scientists with "armed neutrality," has not become a part of official strategic doctrine in pure form. The reasons for the discrepancy between theory and practice should be sought primarily in the fact that the withdrawal from the integrated structure of NATO did not mean a severance of the class alliance of the French bourgeoisie with the other imperialist states. Even after 1966 France remained a member of the North Atlantic pact, maintaining numerous ties with it on a bilateral basis, military included. And although the strategic doctrine declared "defense for all azimuths," it implied the "enemy from the East" as the main azimuth.

In the event of the emergence of combat operations in Europe, the French armed forces' incorporation therein "on the side of the allies" was envisaged. The contradiction between the strategy of "restraint," which proclaimed as the ultimate goal the task of avoiding war, and strategy connected with the



fulfillment of North Atlantic pact obligations, which presupposes participation in an armed conflict on its side, corresponded to France's dual position in the system of the Western bloc--outside of the integrated military organization, but part of the military-political alliance.

For enhancing "defense efficiency" and "forestalling" the enemy the official doctrine envisaged that the mechanism of nuclear "restraint" would cover not only national territory but also a vast zone adjacent to it. Did this mean the extension of the French nuclear guarantees to neighboring NATO states? Military doctrine deliberately did not define the geographical contours of the "zone of vital interests".

The lack of clarity concerning the stage of a conflict in Europe at which France's nuclear forces might be activated was interpreted as an additional factor of "restraint" increasing, allegedly, the number of unknown quantities in the enemy's strategic thinking. However, the "zone of vital interests" was not separated from national territory. "France organizes its defense," a 1972 white paper emphasized, "on the borders and at the approaches thereto against any aggression which threatens it directly."<sup>2</sup>

New features appeared in France's military doctrine with the creation of tactical nuclear weapons. They are essentially close to the "flexible response" strategy. Did Paris thereby agree with the logic of nuclear escalation in Europe contained in NATO's plans? Official doctrine answered this question in the negative, regarding tactical missiles as the vanguard of strategic missiles and their use as "a final warning to the enemy" prior to a massive nuclear strike.<sup>3</sup>

Of course, France's strategic doctrine took shape under the influence not just of military-technical factors alone; an appreciable influence was exerted by the struggle between forces convinced that the following of an independent course corresponds to correctly understood national interests and the circles advocating a strengthening of Atlantic trends in policy. Questions of France's mutual relations with NATO and the United States and the degree of its independence within the framework of "Atlantism" were constantly at the center of the arguments.

The polemic flared up particularly strongly in the mid-1970's in connection with certain official statements on the nature of the use of the French armed forces in West Europe. It was then that there came to be talk about an "expanded defense zone". The reference here was to the territory of the West European allies, over which the French "nuclear umbrella" could be opened. The parties of the left and some Gaullists discerned in this the danger of "a loss of the advantages connected with the possession of independent nuclear potential." They did not conceal their disquiet in connection with the authorities' intention of targeting tactical nuclear weapons at targets far beyond national borders, which would signify France's appearance in the NATO "loop-hole" on the border with the socialist countries. And this would require the close coordination of its strategy with the other nuclear powers of the North Atlantic bloc.



As far as official circles are concerned, they proceeded from the fact that from the very start of combat operations in Europe "France would be an integral part of a single battlefield." In practice this would lead to the country's automatic involvement in an armed conflict provoked, for example, by Washington, a shifting of the accent from the strategy of "restraint" to participation in a "tactical battle" and to rapprochement with the NATO concept of a "battle in forward positions". The supporters of a policy independent of the United States and NATO discerned here an intensification of pro-Atlantic trends and an endeavor to move France closer to NATO.

What were the actual facts? The French armed forces were declared a "strategic reserve of the West in the second echelon of Europe's defense"; the Pluto tactical nuclear missiles were deployed on national territory; considering their range, France declined to occupy the NATO "loophole". The ground forces, which are in principle to take part in a "battle in forward positions," were moved back from the eastern borders to the interior of the country.

Such was the state of affairs by the time the forces of the left took office. The Socialist Party program said that, as a nuclear power, France should join actively in the disarmament negotiations and participate in the development of the all-European process. On the eve of the elections the disbandment of the opposing military blocs and the creation of a "collective security system" were proclaimed a most important foreign policy goal. France was to remain a member of the North Atlantic Treaty, but with the fundamental reservation that membership thereof would not mean either "alignment with the positions of imperialism in various regions of the world" or "direct or indirect integration in America's strategic mechanism in Europe."<sup>4</sup> The PSF program ruled out France's entry into some "European defense subsystem" (by way of participation in a "battle in forward positions" included) which would be dependent on the United States. Condemning the domination of American strategic concepts in the alliance, the socialists declared their intention of expanding the autonomous nature of national defense and its foundation--"nuclear restraint".

It would be an oversimplification to believe that the views expounded in the program are shared unconditionally by everyone in the Socialist Party, which consists of numerous currents. In the book "The Socialists and the Army," which appeared recently, the commentator P. Krop traces in detail the stages of the intraparty polemic on military questions. The author traces a divide between the left wing, which saw the strategy of "restraint" primarily as an instrument of an independent foreign policy, and the factions which had always been skeptical toward the fact of France's possession of its own nuclear weapons, which, in their opinion, only weakens "Atlantic ties". Even after the PSF declared in 1978 that, in the event of it coming to power, it would preserve the nuclear strike forces, there remained in the party leadership figures who trusted more, as Krop observes, "in the strengthening of Western solidarity and France's respect for the alliances which had been formed" than the "magical power of restraint."<sup>5</sup>

The PSF also condemned the country's extensive involvement in the arms trade, which contributes, it believes, to destabilization of the world situation. It was proposed to tighten political control of the military industry, reduce arms exports and put an end to the situation where they are being stepped up to level the foreign trade balance. In parallel with a reduction in the



dependence on arms sales steps were outlined for the gradual transfer of the military sector to the tracks of civil production and the use of the released material and financial resources for the structural reorganization of the economy.

## II

On assuming office the PSF leaders began to pursue in the military sphere a policy contrary to many of their program propositions and election promises. The new orientations were distinctively enshrined in the law on the military program for 1984-1988, which was ratified by parliament in the summer of 1983. The tone of the document is set by the foreign policy preamble, which records the indisputable instances of growing instability in the world and the continuing arms race. However, responsibility for the deterioration in the climate in East-West relations is put on the USSR and the other socialist countries, which had allegedly disturbed in their favor the balance of conventional and nuclear arms in Europe.

It is difficult to believe that the compilers of the military program were unfamiliar with sources which in the West enjoy the reputation of being objective and which recognize the existence of approximate military balance between NATO and the Warsaw Pact. The biased estimates of the balance of forces borrowed from the NATO propaganda arsenal were needed to justify in the eyes of the public the buildup in their own military arsenals. Despite the unsolved economic and social problems and the economic development prospects, which do not inspire optimism, the military department was allocated Fr830 billion for the next 5-year period. It is planned to raise military spending to a level surpassing the analogous indicator in the majority of NATO countries.

The modernization of all components of the nuclear potential was provided for primarily. A sixth submarine with 16 M-4 ballistic missiles with a range of over 4,000 kilometers will be commissioned at the start of 1985. It is planned to refit practically all the operating missile-carrying submarines with them. A seventh new-generation submarine with improved navigational specifications is being laid down, and M-5 missiles with 10 independently targeted warheads is being developed for it.

Funds are being appropriated for the creation of the ground-to-ground SX mobile ballistic missile with a range of 4,000 kilometers fitted with a monobloc or separating nose cone. The proposed date of industrial orders for it is the end of 1980's. By 1987 some 18 Mirage-4 aircraft will have been refitted with air-to-ground missiles with a nuclear warhead with a yield of 300 kilotons and a range of flight of up to 300 kilometers. The communications system with the strategic missile forces is being perfected. The plans for the next military 5-year period contained both an increase in the reliability and invulnerability of the strategic systems and a significant increase in their strike power. By 1988 the number of nuclear warheads will have increased almost threefold compared with the present level and by the mid-1990's by a factor of six-seven.



The range of the tactical nuclear weapons is being increased sharply, and they are being modernized. Aviation is being reinforced with the multipurpose Mirage-2000N aircraft and streamlined Super-Etendard, which are fitted with an air-to-ground nuclear missile capable of hitting targets at a distance of 100 to 300 kilometers. Work is being performed on the creation of the Hades missile with a range of flight of over 350 kilometers, which by the end of the 1980's will replace the Pluto missiles. According to press reports, it is planned to build approximately 120 such missiles, as a result of which the total number of tactical nuclear delivery systems will have more than doubled.<sup>6</sup>

Funds are being appropriated for continued research in the sphere of neutron weapons, where there is the possibility even now of starting their production at any moment. If the head of state decides to begin production of neutron warheads, they will, as Defense Minister C. Hernu explained, be installed on the Hades.

The perfection of conventional arms pursues the goal of increasing the operational mobility and firepower of the ground forces. Together with modernization of the military forces a "fast-action corps" of approximately 50,000 men is being created which will incorporate 4 divisions and a formation of 250 helicopters, which has already come to be called the "lightning force". To maintain "France's presence in the world" the navy is being furnished with new warships, and, in particular, a nuclear aircraft carrier and several nuclear submarines in the torpedo version are being laid down. The air force is also being rearmed.

However, the law on the new military program attracted observers' attention not so much by its "material side"; increased interest was evoked by the official interpretation of a number of aspects of strategic doctrine. The once circulated proposition concerning "Soviet superiority" and the "Soviet threat"---entirely in accordance with the logic of NATO circles, but contrary to the propositions advanced by the Socialist Party earlier---is becoming the basic principle of an analysis of the world situation. The distorted evaluations are inevitably imparting to the strategic doctrine an entirely definite foreign policy thrust.

It is significant that in the text of the law, in which disarmament is mentioned only fleetingly, the traditional proposition concerning France's adherence to the policy of detente as an important condition of national security is lacking entirely. On the contrary, Paris' readiness to fulfill all commitments in terms of the North Atlantic pact and the Western European Union---a treaty uniting the majority of European NATO participants and providing for automatic "mutual assistance in the event of aggression"---is emphasized in every possible way. For the first time since the withdrawal from NATO's integrated military organization the USSR and the other Warsaw Pact countries are directly termed in such a government document the "sole enemy".

In the course of parliamentary debate the communist deputies criticized the evaluation of the international situation contained in the program which "orients France's foreign policy toward confrontation and the strengthening of the military blocs."<sup>7</sup> They refused to take part in the voting on article 1



of the law. On the other hand, the political-strategic analysis proposed by the government was greeted with applause on the benches of the rightwing opposition.

The change toward closer cooperation with NATO is manifested particularly graphically in the reorganization of the ground forces. The creation of a "fast-action corps" markedly broadens the possibilities of the use of troops beyond national boundaries. It is entrusted with the functions of defense of France's interests in various parts of the world which were previously performed by less powerful "intervention forces". The fundamental innovation is that the corps is ordered to be ready to conduct combat operations in Europe. According to official statements, it is a question of a rapid airlift to areas where NATO forces are deployed of a large and well-armed contingent of forces "at the first signs of a crisis in Europe," which will enable France "to quickly demonstrate firmness in the fulfillment of its alliance commitments."

It is perfectly obvious that a maneuver involving the rapid and large-scale movement of French units in the direction of the borders of the socialist countries could only be carried out in close interaction with forces of the allies in accordance with plans coordinated in advance. Information, which has become public property, that air cover and rear support for the corps will be assumed by NATO forces testifies to the extent of such interaction. The zone of the use of the "lightning force" in Europe is situated east of the usual deployment of the French armed forces for the purpose of striking "the enemy's second echelons". Thus almost one-sixth of the ground forces is being transferred from the "strategic reserve of the West" to the position of participant in a battle "in forward positions".

Does not the "fast-action corps'" appearance in the vanguard of the forces of the North Atlantic bloc in a "period of crisis" (that is, prior to the start of military operations) signify France's consent to occupy the NATO "loophole"? Essentially this is not denied by the official justification for the early deployment of French units, which proclaims: "To show the enemy that he risks an extraordinarily rapid encounter with the forces of a nuclear power."<sup>8</sup> Such plans, which increase the likelihood of the country's involvement in NATO military adventures, are in no way combined with a truly independent and, as it is called, defensive strategy.

The attachment to the French formations stationed in the FRG of additional tanks is of considerable political-strategic significance. J. Lacaze, chief of staff of France's armed forces, emphasized that the increased mobility and firepower of units of the 1st Army now make possible their use not only to cover national territory in the second echelon of allied forces. Existing plans provide for the redeployment of the armed forces in areas adjacent to the northeast borders. Reorganization of the ground army entails an expansion of the military potential which France intends henceforward to assign for the fulfillment of allied obligations in Europe.

This is also corroborated by the continuing work on the creation of neutron weapons. While in opposition the Socialist Party put forward impressive arguments against the production and deployment of "enhanced-radiation weapons."



It was observed at that time that, intended for hitting an enemy's live force and tanks, they are "battle weapons" lowering the nuclear threshold of a conflict, while reinforcing arsenals with neutron warheads would be contrary to the goals of the strategy of "restraint". Pointing to the political aspect of the problem, J. Sarr, a representative of the party's left wing, wrote: "Choosing between preventing an engagement or preparing for it means in fact contributing either to detente or cold war."<sup>9</sup>

It is in this plane that the role of the new increased-range nuclear weapons should be viewed. On the one hand there is no shortage of official explanations that France categorically rejects participation in battles using tactical nuclear weapons. Military doctrine continues to interpret the use of such weapons not as a stage on the way to escalation but as a "final warning" to the enemy prior to a massive nuclear strike. In order to emphasize the political nature of the use of the "tactical atom" a special command has been set up under the General Staff into whose charge the tactical nuclear missiles are being transferred.

However, competent observers have discerned in the official position a "false bottom" also. If tactical weapons are the instrument of a "final warning," why double their number? After all, it was not deemed necessary for "restraint" to possess a large number of such systems previously! Recalling the range of the Hades missile (350 kilometers), the present leadership of the country declares: "It is sufficient to glance at the map to understand how fundamentally the position is changing." LE MATIN, which is close to the Socialist Party, wrote that what was meant was a deployment of the new delivery system which would make it possible to reach the territory of several socialist countries without affecting the FRG.<sup>10</sup> No one is making a secret of the fact that the Hades and air-to-ground nuclear missiles, which have an even greater range, are intended for hitting targets deep in the European theater.

If the discussion of the mid-1970's is recalled, the presentation of the tactical forces with such assignments is the equivalent of France's appearance in the NATO "loophole" in an eastern direction, which will lead to its increased interaction with the bloc's integrated military command. In this connection specialists are pointing to Paris' total dependence on the North Atlantic pact in obtaining information on the targets situated far from the state borders and the objectively increased complementariness of the French tactical nuclear missiles and those of the Americans deployed in the FRG inasmuch as they are targeted at the very same areas in Central Europe.<sup>11</sup>

This fact prompts the question of whether the geographical zone embraced by the mechanism of nuclear "restraint" is not being extended thereby. A recent Defense Ministry circular said that "the concept of vital interests should be interpreted more or less broadly."<sup>12</sup> C. Hernu distinguishes two components in the interests "defendable" by the strategic nuclear forces--constant and variable. The first is confined to national territory, the second changes depending on circumstances and may be reflected "at any geographical point." Furthermore, this vagueness is presented virtually as the foundation on which the strategy of "restraint" is based.



Gen L. Poirier, an author of the "restraint" concept, considered it necessary to appear in print with clarifications which caused dissatisfaction in the highest spheres. He opposed an expanded interpretation of the concept of "vital interests" capable of lessening the persuasiveness of this concept, whose main goal is the "defense of national territory". In his opinion, the effectiveness of the French "restraint" is determined primarily by capacity for inflicting real losses on an enemy.<sup>13</sup>

There is one further circumstance pointing if not to an accomplished, at any event to a possible change in strategic doctrine. For the first time the military program puts forward the proposition according to which the power of the nuclear potential should exceed the so-called sufficiency threshold.<sup>14</sup> It was believed hitherto that for "effective restraint" it was necessary to possess nuclear forces capable of inflicting on an enemy losses which would prevent aggression on his part or the threat of attack. Disclosing the meaning of the "level of sufficiency" concept, Gen P.-M. Gallois observed: "Restraint... consists of the possession of armed forces capable of destroying the main centers of population of the enemy, who should know that in the event of his attack, more damage would be inflicted on him than the target of the attack merited."

As a specialist, the general knew, of course, what he was writing about. Back in 1970 even a salvo of France's strategic forces--given the supposition that only half of the warheads reached their target--would have entailed 14-18 million human casualties. In the past decade the number of delivery systems and the "megatonnage" of the nuclear devices installed on them have increased fourfold. LE FIGARO-MAGAZINE was hardly exaggerating when it communicated, citing "informed circles," that at the start of the 1980's French nuclear forces could hit 120 urban agglomerations on the territory of a "potential enemy" with a population of over 100 million people.<sup>15</sup>

What, then, in the light of what has been said does taking the power of the nuclear potential beyond the "sufficiency threshold" mean? Only that France is to prove superarmed for the performance of assignments ensuing from the strategy of "restraint," while it is intended to set the armed forces goals which go beyond the framework of the officially proclaimed doctrine. Confirmation of this are the propositions developed by J. Hunzinger, secretary of the Socialist Party responsible for international questions. Essentially, he acknowledges, France's military strategy represents not national but "expanded restraint" supplementing to a certain extent America's nuclear guarantees to West Europe.<sup>16</sup>

Thus the contours of the ambitious plans aimed at increasing the effectiveness of the regional functions of the French strategic forces and, playing the nuclear trump card, securing for Paris the leading role in West Europe are coming into view. France's recent foreign policy initiatives for reviving the military-political mechanism of the Western European Union and consolidating military relations with a number of European NATO members on a bilateral basis were also aimed at this.



Franco-West German military cooperation, within whose framework permanent "strategic coordination" institutions emerged at the end of 1982, is being raised to a qualitatively new level primarily. The question of the rapprochement of the military doctrines of the two countries and the development of a common defense concept is being raised directly. The press discerns in the development of such a trend something akin to the embryo of a "European defense". There has come to be talk about the prospect of "French colors beginning to predominate in the 'nuclear umbrella' opened over West Europe,"<sup>17</sup> which, it is said, has hitherto been provided only by the United States.

### III

In the atmosphere of American imperialism's imposition of a policy aimed at global confrontation with the socialist world France, which formerly occupied a special position in the system of East-West relations, has become a central target of Washington's power pressure. The weakening of the economic positions of the country, which has been forced to appeal for foreign loans to cover the balance of payments deficit, has operated in the same direction. The mortal grip of international finance circles, which have resolved to avail themselves of Paris' increased vulnerability, has been felt on the banks of the Seine.

As a result there has been a playing up to Washington, which has been manifested distinctly in support for America's positions on a whole number of military-political issues--primarily on problems of disarmament. For example, the principle of equality and equal security is officially called "a curious concept thought up by Moscow."<sup>18</sup> As if throughout the last decade this principle was not the foundation of practically all agreements on strategic arms limitation, which, incidentally, were evaluated positively by the French Government. We would note that the epithet "curious" is applicable rather to the evolution of the views of the PSF leadership itself. Thus in 1980 C. Hernu, who deals in the party with defense issues, observed that "talk about an imbalance in favor of the USSR is simply not serious" and that it is "propaganda aimed at spreading ferments of super-Atlantism in the country." But 2 years later, when Washington had begun to implement an arms program of unprecedented scale, he claims, now as minister, that "the United States is in the position of the weak side." No comment, as they say.

NATO's "rearmament" decision did not, as is known, affect France directly. With all the more easiness did Paris officials support the plan for the deployment of American medium-range missiles in West Europe. In addition, it assumed the role of zealous champion of these plans. The French Government categorically declared its unwillingness to count its nuclear missiles in determining the overall balance of forces of the two military-political alliances in the European region. The arguments put forward by the French side in support of its position also appeared unconvincing. Let us cite pronouncements refuted by the official military doctrine itself.

"France's nuclear missiles are not aimed against the USSR and do not threaten it." At the same time, however, in strategic doctrine "restraint" has always been defined as "threat of the use of nuclear weapons against the enemy's vital centers," and the USSR and its allies were for the first time named directly in the choice of targets.



"French missiles serve as an instrument of defense strategy distinct from NATO's." But the essence of the French understanding of "restraint" consists precisely of forcing the "enemy" to reckon with the power of national nuclear potential. The president of the republic declared in October 1981: "France aspires to restraint and has achieved this..." All is clear, seemingly, what more....

"The national nuclear forces are independent, their belonging to NATO does not affect the independence of the decision as to their use." Hereupon it is explained to us that what is meant is the capacity of France for independently, that is, independently of the United States and Britain, for inflicting "irreparable damage" on the Soviet Union. However, even if we follow the logic and content of national military doctrine, France cannot fail to participate in the allocation of the strike targets together with NATO's other nuclear powers inasmuch as threatening the same vital centers of the enemy twice would be pointless. Incidentally, as LE MONDE communicated, the targeting of French missiles is undertaken in accordance with data supplied by the American Rand Corporation.<sup>19</sup> When, in 1982, Washington adopted the decision to sell France low-frequency transmitters necessary for communications with missile-carrying submarines, it evidently proceeded from the fact that this would in no way be detrimental to U.S. security.

The adduced facts only confirm the justice of the Soviet Union's position concerning the counting of France's nuclear arms (as, equally, of Britain's) in the overall balance of forces in the European region and their consideration upon a limitation of nuclear arms in Europe. This is an objective requirement, particularly bearing in mind that the French and British missiles constitute one-fourth of NATO's total nuclear potential. It would be a delusion to believe that the USSR and its allies could disregard such magnitudes and close their eyes to the danger which these missiles represent for them.

The unconstructive approach of Paris officials to many problems of disarmament and, particularly, the unequivocal support for the deployment on West European soil of the American medium-range missiles are determined by factors frequently far from an objective analysis of the actual correlation of forces in Europe, and throughout the world even. Among them are hopes of obtaining on the part of the United States concessions in other spheres, primarily in the economy. But, as the facts testify, these hopes have proven illusory. The appeals to Washington on the eve of the "big seven" meeting in Williamsburg for a reduction in the budget deficit and for participation in a stabilization and subsequently a reform of the international capitalist currency system, as, equally, other similar demarches of recent years, foundered on the rigid "no" of the R. Reagan administration. Endeavoring to solve its economic problems at the expense of its partners, Washington also played skillfully on the inconsistency of Paris' position. In fact, how is it possible to simultaneously approve the United States' sharp spiraling of military spending, which was a principal cause of the currency-finance disorders in the capitalist world, and to attempt to eliminate their inevitable consequences--the high level of American interest rates and the dollar's exchange rate and the flow of capital across the Atlantic, which is drying up the economy of West Europe?



Paris' attempts to play in the club of leading imperialist powers the part of spokesman for and defender of the cherished aspirations of the developing states have also failed. Having buried the plans for a reorganization of economic relations between North and South supported by French diplomacy, the Reagan administration has continued to foist its version of the solution of the development problem, which entails poverty and local wars for the South. In the situation which is taking shape the policy of privileged ties to the developing countries, which constituted a most important component of the Socialist Party's foreign policy concept, has begun to be reexamined. The present leadership is departing from previous precepts. Is this not why the country has found itself involved in interventionist operations in Chad and Lebanon coordinated with American imperialism?

In playing up to Washington France, according to the well-known political scientists (G. Roben) "has taken a seat in a train neither the speed of which nor the direction in which it is moving it controls."

#### FOOTNOTES

1. See "La France en mai 1981," Paris, 1982, pp 56-75.
2. Quoted from POLITIQUE ETRANGERE No 2, 1983, pp 375-376.
3. See "La France en mai 1981," p 46.
4. See "Le projet socialiste," Paris, 1980, p 340.
5. P. Krop, "Les socialistes et l'armee," Paris, 1983, p 111.
6. LE MONDE 24 March 1983.
7. See "Rapport fait au nom de la Commission de la defense nationale et des forces armees," Assemblee Nationale, No 1485, 11 May 1983, p 102.
8. J. Lacaze, "Politique de defense et strategie militaire de la France" (DEFENSE NATIONALE, June 1983, p 21).
9. LE NOUVEL OBSERVATEUR 5 July 1983, p 26.
10. LE MATIN 16 October 1982.
11. "Rapport d'information. Commission de la defense nationale et des forces armees," Assemblee Nationale, 20 April 1983, pp 28, 110.
12. DEFENSE NATIONALE, April 1983, p 11.
13. L. Poirier, "La greffe" (DEFENSE NATIONALE, April 1983, pp 10, 12).
14. "Projet de loi portant approbation de la programmation militaire pour les annees 1984-1988," Assemblee Nationale, No 1452, 1983, p 10.



15. LE FIGARO-MAGAZINE, 9 February 1980, p 38.
16. See DEFENSE NATIONALE, December 1982, p 42; POLITIQUE ETRANGERE No 2, 1983, p 399.
17. LE POINT, 8 November 1982, p 59.
18. LE MONDE, 10 June 1983.
19. LE MONDE, 13 October 1983.

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ARTICLE EXAMINES DEVELOPMENT OF 'MIXED ECONOMY' CONCEPT IN WEST

[Editorial Report] Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, February 1984 carries on pages 72-87 a 7,000-word article by K. Kozlova entitled "Ideological Sources and Evolution of the 'Mixed Economy' Concept," which analyzes government sector activities in capitalist economies and the process of reform from a theoretical viewpoint. Kozlova traces the evolution of a mixed economy from the early 20th century, highlighting the conservative, liberal reformist, and social reformist theories as general types of "third path" (i.e., noncapitalist and nonsocialist) economic theory. The conservative type of a mixed economy is seen to be active at present in the USA and in Great Britain, with the conservative swing of the early 1980s said to be expressed in "unleashed naked anticommunist propaganda, a sharp rise in preparations for war, and the pumping up of a military-chauvinist frenzy." Current theories for addressing American economic problems in particular -- neoclassical monetarism, tax and investment stimulation, and reindustrialization -- are briefly mentioned while noting that tendencies for leftward economic shifts also exist, as in England and France. In examining US reforms, the author notes the formation of alternatives to conservatism, including a "radical-reformist trend" said to be favored by the intelligentsia, and a "postliberal democratic trend" associated with those such as presidential candidate Senator Gary Hart. The former trend is seen as supporting an end to the arms race, egalitarian tax reforms, and a reallocation of investment between the private and government sectors. The latter movement is perceived as calling for a long-term economic restructuring, with an activation of the market mechanism and a wider use of government tax and credit policies to stimulate private investment.

Much of the article addresses in detail the historical and ideological development of a mixed economy concept, covering the period from 1929 to the early 1970s. Several reformist proposals on "socializing" the economy, defined as "a way of gradually delivering capitalism from traditional vices and converting it through evolution into a postcapitalist system," are presented. The article ends by stating that "General socialization of the economy cannot be attained through gradual, partial reforms. It demands a transformation of the very principles by which the system functions and this presupposes a fundamental change in government policies, or to state it another way, in the type of governmental power. Such a change by the nature of its content and meaning cannot but carry a revolutionary character."

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# ARTICLE ON CONTADORA GROUP SCORES U.S. POLICY IN CENTRAL AMERICA

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 95-99

[Article by I. Bulychhev: "The Contadora Group and the Search for Peace in Central America"]

[Text] American imperialism's armed intervention against sovereign Grenada, which represents an act of the scandalous violation of the rules of international law, and the buildup of the U.S. military presence in Central America testify that Washington is continuing to pursue a policy of suppression of the broadening national liberation movement in the region. The escalation of the United States' aggressive actions has led to the emergence of a real threat to revolutionary Nicaragua and the peoples of Central America waging a just struggle for their liberation and the right to self-determination and independent development.

The events which are occurring show that the R. Reagan administration's undeclared war against the Sandinista people's revolution could at any moment develop into the armed invasion of Nicaragua. The basic components of the criminal action being planned by Washington are being honed in the course of the continuing American-Honduran Big Pine II military maneuvers in an area of the Atlantic coastline of Honduras, which has a landscape similar to Nicaragua's coastal zones. In this connection one's attention is drawn to the fact that the Grenada invasion operation was rehearsed by American strategists on the Puerto Rican island of Vieques during the Ocean Venture-82 maneuvers.

The presence of American military subunits in direct proximity to the Nicaraguan border is encouraging the predatory acts of armed formations of counter-revolutionaries and bands of mercenaries operating under the direct leadership of the CIA and with the ever increasing participation and support of the Honduran Army. All these actions are an integral part of the White House's militarist policy aimed at the ouster of the people's government in Nicaragua and the suppression of the liberation movement in the region.

The basis directions of this policy were formulated in April 1982 in the document "American Policy in Central America and on Cuba in the Period Through the 1984 Fiscal Year Inclusive," which was drawn up in the U.S. National Security Council. It provides for the expansion of "covert" CIA Operations against Nicaragua



and all-around assistance, primarily military, to the pro-American regime in El Salvador, whose national-patriotic forces are conducting an armed struggle for freedom and the right of the people to independent development, and to other antipopular regimes in the region. In development of the document a plan for the armed invasion of Nicaragua codenamed "Pegasus" was drawn up, in particular. The main goal of the plan was provoking a military conflict between Nicaragua and Honduras and subsequently involving therein the armies of the Central American Defense Council countries.\* The participation subunits of the U.S. Navy and Air Force, which were to strike Nicaraguan territory from the air and the sea, was also envisaged within the framework of operation "Pegasus". Having been made public, such plans reveal the fraudulence and insincerity of the U.S. Administration's statements concerning Washington's aspiration to a peaceful solution of the region's problems.

The White House attitude toward the peace initiatives of the governments of Mexico, Venezuela, Colombia and Panama undertaken for a political settlement of the situation in the region testifies to the hostility of the U.S. aspirations toward the interests of the peoples of Central America. As is known, a meeting of these countries' foreign ministers was held 8-9 January 1983 on the Panamanian island of Contadora which initiated the activity of the "Contadora Group". A unanimous opinion was expressed in the course thereof concerning the need for the formulation of measures which would contribute to averting the threat of war in this region. In the final statement the participants in the meeting appealed to all Central American countries to renounce the use of force in relations with one another and join in the negotiating process in order to settle all contentious issues based on complete respect for the principles of noninterference and the self-determination of the peoples. The foreign ministers of Mexico, Venezuela, Colombia and Panama--B. Sepulveda, J. A. Zambrano, R. L. Caicedo and J. J. Amado (the latter was subsequently replaced in this position by O. Ortega) respectively--emphatically opposed any foreign intervention in the region and supported a political settlement of the "Salvadoran crisis" and negotiations between Nicaragua and Honduras and all interested parties. It is this path, they believe, which could lead to an easing of tension and the creation of firm foundations for the implementation of a policy of peaceful coexistence and mutual respect. It should be noted particularly that at its first meeting, as at subsequent ones, the members of the group immediately rejected American diplomacy's attempts to portray the exacerbation of the situation in Central America as a manifestation of the East-West confrontation.

The emergence of the Contadora Group evoked ill-concealed irritation in Washington, which attempted to block initiatives contrary to its policy aimed at preparing an armed invasion of Nicaragua. The United States inspired the Honduran OAS representative's presentation of a draft resolution completely distorting the true causes of the Central American crisis and containing unsubstantiated accusations against Nicaragua. Nor did the draft take account of the position of the Contadora Group. However, contrary to Washington's

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\* The Central American Defense Council (CADC) is a reactionary military bloc incorporating Guatemala, Honduras and El Salvador. It was revived by the United States in October 1983.



expectations, the majority of members of this inter-American organization, which was once completely controlled by the United States, supported the group's initiative and its efforts aimed at the search for a peaceful settlement in Central America.

On 12-13 April 1983 the foreign ministers of the Contadora Group states made a tour of Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala in order to ascertain these countries' position in respect of possible ways to normalize the situation in the Nicaraguan-Honduran border area and also their readiness to participate in the development of mutually acceptable constructive solutions. The outcome of the trip was a meeting of the Contradora Group on 20-21 April in Panama City, in which the foreign ministers of Guatemala, Honduras, Costa Rica, Nicaragua and El Salvador participated for the first time.

The meeting was held under conditions of the escalation of subversive operations against Nicaragua. So-called "operational forces" of counterrevolutionaries directed by the CIA and supported by Honduran Army units penetrated the territory of the departments of Nueva Segovia, Madris and Chinandega. The Sandinista People's Army repulsed the counterrevolutionary bands both in the North, on the border with Honduras, and in the South, on the border with Costa Rica, ousting them from Nicaraguan territory. Nicaraguan Foreign Minister M. D'Escoto requested that the members of the Contadora Group adopt urgent measures to prevent a further exacerbation of the armed conflict. He stressed that the position of the United States, which is unwilling to contribute to the peace negotiations, could lead to the spread of military operations to the entire territory of Central America. The meeting failed to adopt specific decisions. However, its participants expressed agreement with the fact that a halt to the arms race and the establishment of control over this process, observance of the principles of self-determination and noninterference in other states' internal affairs, respect for territorial integrity and a ban on the use of force in conflict situations could create the necessary prerequisites for the preservation of peace in the region.

President R. Reagan's 27 April 1983 speech in the U.S. Congress came as a sharp contrast against the background of the peace-loving efforts of the Contadora Group. The entire speech represented a clumsy attempt to intimidate the congressmen with the threat of "communist penetration" of Central America which allegedly exists. Cynically expatiating on the need to defend "democracy," Reagan attempted to conceal the militarist essence of Washington's policy in Central America and win the lawmakers' support for an expansion of military supplies to the antipopular regimes of El Salvador, Guatemala and Honduras and subversive operations against revolutionary Nicaragua.

While gambling on crude force, American diplomacy is at the same time attempting to isolate the Sandinista revolution and knock together in Central America an anti-Nicaraguan bloc in order to use it for pressure on the Contadora Group and the imposition of its conditions on it. It was this goal which was pursued, for example, by the closed-doors meeting, organized on Washington's orders, of foreign ministers of Guatemala, Honduras, El Salvador and Costa Rica in San Salvador on the eve of the group's latest meeting. The Nicaraguan Government



evaluated this conspiracy as a maneuver of the R. Reagan administration aimed against a peaceful settlement in the region.\* The soundness of this evaluation was fully confirmed at the fifth meeting of the Contadora Group (28-30 May 1983 in Panama City), when the foreign ministers of the said Central American states, obediently abiding by Washington's will, attempted to frustrate the elaboration of constructive and mutually acceptable solutions.

From the very outset the activity of the Contadora Group members was greeted positively by the Latin American and world public. The foreign ministers of 17 countries of the continent and the leaders of 11 government delegations and other states who participated in the celebrations on the 450th anniversary of the city of Cartagena (Colombia) supported the political dialogue. The peace initiatives of the Contadora Group were evaluated highly by UN Secretary General J. Perez de Cuellar and are meeting with understanding on the part of many countries.

The meeting of the heads of state of the Contadora Group members in the Mexican city of Cancun (17-18 July 1983), in the course of which the Cancun Declaration was adopted, had great international repercussions. This document, which was signed by the presidents of Venezuela, Mexico, Colombia and Panama, set forth a general program of a settlement at the negotiating table of the situation in Central America. The heads of state of the four countries called on the leaders of the Central American states to strictly observe the fundamental principles and rules of international law and proposed a set of measures aimed at a political settlement of the region's problems. The Cancun Declaration provided for the imposition of effective control over arms supplies to Central America, the creation of demilitarized zones and a halt to aggression in any form and also interference in the internal affairs of any state of the region. It was proposed to ban the use of others' territory for subversive political settlement of the region's problems. The Cancun Declaration provided for the imposition of effective control over arms supplies to Central America, the creation of demilitarized zones and a halt to aggression in any form and also interference in the internal affairs of any state of the region. It was proposed to ban the use of others' territory for subversive political and military acts against other countries, prevent the creation of foreign military bases and facilities in Central America and so forth. "These measures, which are aimed at removing the factors disturbing the peace in the region," the declaration observed, "should be accompanied by big internal efforts to strengthen democratic institutions and the guaranteed observance of human rights."\*\*

The Cancun Declaration thus not only reflected the central problems of the region but also contained specific proposals for their solution. The heads of state participating in the meeting in Cancun appealed to UN Secretary General J. Perez de Cuellar and all members of the international community and the OAS for assistance in removal of the dangerous center of tension.

\* See BARRICADA, 26 May 1983.

\*\* "ALAI. Servicio Informativo," 5 August 1983, p 642.



Nicaragua, which consistently and persistently advocates the creation in Central America of an atmosphere of political trust, immediately responded to the new initiatives of the Contadora Group. Addressing a meeting on 19 July 1983 devoted to the fourth anniversary of the Sandinista people's revolution, D. Ortega, member of the National Leadership of the Sandinista Popular Liberation Front and coordinator of the Junta of the Government of National Reconstruction, proposed in accordance with the basic provisions of the Cancun Declaration a specific 6-point program whose adoption by the other countries of the region would contribute to the removal of the explosive situation in this region.\* Evaluating positively the Cancun Declaration, D. Ortega emphasized: "Peace in Central America may be a reality only in the event of respect for the basic principles of coexistence between nations: the principles of non-interference, self-determination and the equality of sovereign states; cooperation in the name of economic and social development; the peaceful solution of contentious issues and also the free and genuine will of the peoples."\*\* Having expressed the belief that the existing problems may be tackled on the basis of dialogue, D. Ortega declared the consent of the Nicaraguan Government to the holding, at the initial stage, of multilateral negotiations under the aegis of the Contadora Group.

The program proposed by Managua provided for the conclusion of a nonaggression treaty between Nicaragua and Honduras for the purpose of putting an end to the military confrontation in Central America, completely banning arms supplies to the combatants in El Salvador and affording the people of this country an opportunity to settle internal problems themselves, renouncing military support for and training any antigovernment forces in the region, accommodating foreign military bases and conducting military maneuvers with the participation of foreign armies and ending economic aggression and discrimination in respect of Latin American countries. The implementation of these entirely realistic and specific measures, which correspond practically in full to the spirit of the Cancun Declaration, could undoubtedly lay the foundations of lasting peace in the region.

Socialist Cuba also reacted positively to the appeal of the heads of state of the Contadora Group members. A message of F. Castro, first secretary of the Cuban Communist Party Central Committee and chairman of the republic State Council of Ministers, emphasized that Cuba sincerely wishes for the confrontation to be replaced by dialogue and supports "those who point to the urgent need to begin bilateral and regional negotiations for the purpose of settling the conflicts."\*\*\* Noting the quick and positive response of Nicaragua, F. Castro declared that the Cancun Declaration represents a concrete basis for negotiations.

The constructive and high-minded position of Cuba and Nicaragua was greeted with approval by UN Secretary General J. Perez de Cuellar and statesmen in Latin America who have supported the activity of the Contadora Group.

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\* See BARRICADA INTERNACIONAL, 1 August 1983

\*\* BARRICADA, 20 July 1983

\*\*\* GRANMA, 28 July 1983.



Attempting to neutralize the growing influence of the Contadora Group, the White House announced the formation of a bipartisan basis of a national commission for Central America headed by former U.S. Secretary of State H. Kissinger. It was assumed that the extensive publicity given the activity of the commission together with the "shuttle" visits to Central America of R. Stone, special representative of the U.S. President, would impart to Washington's militarist policy in the region a "peacemaking" nature and would stem the wave of protests of the progressive U.S. public against the increased American military presence in this region.

Washington's attempts if not to frustrate, then to considerably complicate the activity of the Contadora Group were not crowned with success. A meeting of foreign ministers of Mexico, Venezuela, Colombia and Panama with the participation of their Central American colleagues which was held 8-9 September 1983 in Panama City adopted the "Document on Goals," which, its authors believe, affords an opportunity for concentrating the efforts of all interested parties on a solution of the main problems of Central America, primarily the prevention of a regional war. The document is imbued with concern for the preservation of peace in Central America. Clause I calls on the Central American states "to contribute to the relaxation of tension and put an end to conflict situations in this region, refraining from all actions which could jeopardize political trust or impede the achievement of peace, security and stability in the region."\* It is perfectly natural that the "Document on Goals" pays considerable attention to the region's socioeconomic problems. To overcome the deep recession, which is accompanied by an increase in the foreign debt (from \$1.4 billion in 1973 to \$11.2 billion in 1982\*\*), inflation and a sharp deterioration in the position of broad strata of the population, it is recommended that a number of measures be implemented designed to increase the efficiency of the mechanism of economic integration and that there be concerted efforts for better conditions of access to world markets, the development of interregional cooperation and so forth.

The adoption of the "Document of Goals" may undoubtedly be put down to the credit of the Contadora Group. However, much remains to be done to ensure that the positive ideas which it contains materialize in actual agreements, which would erect a reliable barrier in the way of the dangerous military adventures of U.S. imperialism and be an effective instrument for strengthening peace and security in Central America. An example of sincere interest in a peaceful settlement of the serious situation in the region is being set consistently by the revolutionary government of Nicaragua. In development of the basic propositions of the "Document on Goals" it has sent the members of the Contadora Group and also the governments of the United States and the Central American states four draft agreements providing for the signing of nonaggression pacts. The Contadora Group states could, Nicaragua believes, be the guarantors of the observance of all articles of these agreements.

The reaction of the R. Reagan administration to the new peace initiatives of the Contadora Group and Nicaragua was entirely different. Even while the

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\* GRANMA, 7 October 1983.

\*\* FINANCIAL TIMES, 21 September 1983.



meeting which adopted the "Document on Goals" was in progress U.S. Defense Secretary C. Weinberger was visiting Honduras, El Salvador and Panama. Commenting on this trip, THE WASHINGTON POST drew attention to the very widespread viewpoint on Capitol Hill that "military events in the region in the next several months will be far more important than many legislative efforts."\* As if in confirmation of this, F. Ikle, deputy chief of the Pentagon for political affairs, openly called in his speech on 12 September 1983 for the achievement of military victory in Central America. Two secret meetings of the defense ministers of Guatemala, Honduras and El Salvador in October 1983 with the participation of Lt Gen P. Gorman, commander of the U.S. Southern Military Command, during which the CADC military bloc was officially revived and questions of the further coordination of the plans for military operations against Nicaragua were discussed, may be regarded as a practical step on the way to the realization of such intentions. It should be emphasized particularly that the second meeting was held immediately following the United States' armed aggression against Grenada, which many observers regard as a "general rehearsal" for an invasion of Nicaragua. At the start of November 1983 Ikle visited Costa Rica, Honduras and El Salvador. At the conclusion of his "inspection" trip he advocated a further increase in military assistance to El Salvador and Honduras and declared the possible indefinite extension of the 6-month American-Honduran Big Pine II military maneuvers, which began in August. Under these conditions D. Ortega visited Mexico, Venezuela, Colombia and Panama to notify the heads of state of the Contadora Group members of the real threat hanging over the peoples of Central America. On Nicaragua's initiative the question of the situation in the region, despite the persistent opposition of the United States and Honduras, was included on the agenda of the UN General Assembly 38th Session. The speech of the Soviet delegation in the plenary session emphasized particularly that Nicaragua's proposals, which are supported by Cuba, afford the possibility of a lowering of the level of tension and of a political solution of the problems of Central America. The Soviet delegation also noted the positive role of Mexico and other countries of the Contadora Group in the search for a peaceful settlement in this region. The resolution "Situation in Central America: the Threat to International Peace and Security and the Peace Initiatives," which was passed by the UN General Assembly on 11 November 1983, expressed "the most emphatic support" for the Contadora Group's efforts and contained an appeal for their continuation for the purpose of overcoming the crisis situation in the region by peaceful means.

The activity of the Contadora Group was also approved at the 13th annual session of the OAS General Assembly (14-18 November 1983 in Washington). The speeches of the overwhelming majority of delegates sharply criticized the interventionist policy of the R. Reagan administration. American forces' invasion of Grenada was assessed as a scandalous violation of rules of law and the principles of the international community and the OAS Charter. V. Hugo Tinoco, deputy foreign minister of Nicaragua, emphatically condemned the United States' aggressive policy. "The policy arsenal of the present Washington administration," he declared, "contains provocations, sabotage, open armed intervention, attempts to harm the economy of countries not to the United States' liking and the implantation of chaos and open terror in the world."

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\* THE WASHINGTON POST, 8 September 1983.



The United States found itself practically completely isolated at the session. A resolution ratified by the OAS General Assembly (it was proposed by the representatives of Argentina, Bolivia, Brazil, Peru and the Dominican Republic) emphasized that the members of the OAS perceived with satisfaction the Cancun Declaration and the "Document on Goals," which are aimed at the prevention of conflicts, ensuring peace, security, democracy and cooperation in Central America and the economic and social development of the countries of the region. The OAS members called on the Central American states to begin negotiations based on the "Document on Goals" for the immediate conclusion of peace agreements.

The 12th meeting of the Contadora Group with the participation of five Central American countries (January 1984) adopted, in spite of the persistent efforts of the United States to influence its progress and results, a compromise plan for a settlement of the regional crisis. The basis thereof was the document approved by the December (1983) meeting of the group--"Rules for the Implementation of the Commitments Assumed in Connection With the Document on Goals". The plan provides for the creation of three commissions: on security, economic development and political problems. The task of the commissions is to draw up no later than 30 April this year specific proposals for the establishment of peace in Central America. The results of the meeting were evaluated by the Latin American public as a step forward in the direction of a peaceful settlement in the region. Thus Washington's latest attempt to impose its solution of the Central American crisis failed.

The United States' adventurist militarist course is displayed for all to see upon familiarization with the report prepared by the "Kissinger Commission". The main emphasis in this document, which has been approved by President R. Reagan and which essentially concurs with the present U.S. Administration's policy in Central America, is put on a military solution of the region's problems by means of a considerable increase in arms supplies to El Salvador, Honduras and Guatemala and also to the Nicaraguan counterrevolutionaries. As Colombian President B. Betancur declared, the recommendations of the "Kissinger Commission" reflect the American position and cannot correspond to the viewpoint of the Contadora Group.

Thus the Latin American states, like the overwhelming majority of the members of the international community, oppose the revival of a policy of violence, treachery and terror in relations between states, which has been condemned by history and which is rejected by the modern world. It is this which explains the support and recognition obtained by the activity of the Contadora Group in Latin America and beyond.

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## WESTERN, LDC STRUCTURAL ECONOMIC POLICIES EXAMINED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 108-114

[Article by V. Sokolinskiy: "Western States' Structural Policy and Neo-colonialism"]

[Text] The neocolonial system of relations between the developed capitalist and developing countries has been in existence for several decades now. In this time the imperialists have honed an entire arsenal of methods of exploitation and consolidation of the dependence of the developing states. But life does not stand still. The struggle of the emergent countries for economic independence and equal participation in world economic relations is prompting the neocolonialists to adapt and seek more subtle methods of implementing their strategy. Among such "innovations" are the methods which emerged in the channel of the structural policy of the Western states.

Strictly speaking, structural policy is a phenomenon which is already well known. What is new here is the use of elements thereof in economic relations between two groups of countries. The practice of such use of structural policy at the present time is only just taking shape. Not everything has acquired completed forms. But the facts show that the instruments of this policy may occupy just as prominent a place in the arsenal of neocolonialism as the new "classical" methods--subsidies, technical "assistance" and private capital investments. To what extent is the structural policy which took shape in the Western states back in the 1950's for the solution of their domestic economic problems now also geared to the regulation of the economic mutual relations of the developed capitalist and developing countries?

### I

The West understands by structural policy a broad range of measures influencing general economic, sectorial and territorial proportions. It incorporates support for certain sectors and types of production, the stimulation of technical progress, influence on the correlation of the monopoly and nonmonopoly sectors of the economy and development of the infrastructure. Measures which influence the structure, productiveness and international competitiveness of industry are considered its central component.

From the time of its conception structural policy has, naturally, in one way or another reflected the objective processes occurring in the capitalist economy. In the 1950's its nature was conditioned primarily by the postwar reorganization of the economy which had been undertaken in many capitalist states.



Measures of sectorial regulation of the next decade were implemented under the sign of the deep-lying changes brought about by the scientific-technical revolution. The thrust of the structural policy of the 1970's-1980's is determined primarily by the crisis of the world capitalist economy and the shifts in the international capitalist division of labor.

There still exists, of course, a multitude of other factors influencing the formulation of specific priorities in this capitalist country or the other. Different goals also are advanced in this connection. They are largely conditioned by the degree of concentration and centralization of capital and monopolization of the economy and the dominating theoretical concepts of the role of the state.

Among the aims of structural policy in Britain, for example, are assistance to the increased efficiency of industry by way of technical innovations, an increase in the mobility of the work force, reorganization of the industrial sector by way of channeling resources into the highly productive branches, an improvement in management and an easing of the problems of regional development. In the FRG such aims include an increase in the efficiency of the economy, an improvement in the social and production infrastructure and an expansion of the social sphere of the activity of the state. For Sweden the main goal is ensuring the possibility of the increased competitiveness of its products on the world market. The basic task of Japan's structural policy is assistance to the so-called growth sectors.

The set of tools of structural policy has taken shape over 15-20 years. It includes a multitude of methods of influence both contributing to the growth of this field of production or the other and impeding its development. The stimulating or restraining influence is realized directly or indirectly. The indirect effect may not only supplement the direct effect here but sometimes exceed it even. Thus according to calculations of the West German economist U. Schwarze, in 1978 subsidies to certain sectors of the FRG economy of the order of DM53 billion via the price-reduction mechanism secured for the other sectors consuming their products benefits of the order of DM83 billion.\*

The role of subsidies granted directly in the form of budget payments or indirectly, by way of exempting employers from tax payments, is particularly great among the specific levers of structural policy. A big part is also played by preferential credit, guarantees of foreign capital investments, investment bonuses and information-consultation assistance. Not only the state budget but also special funds formed under the aegis of the state from employers' resources are used as a source of financial resources for pursuing structural policy. Such funds have acquired importance in the economy of many developed capitalist countries, particularly the FRG, France, Sweden and Japan.

Structural policy has become an object of the constant attention of bourgeois science. An attempt is made in many studies to solve the difficult question of how to combine the need for state intervention with the principles of the market economy. The basic conclusion which is drawn here is that the measures of the state in this sphere may only supplement and adjust the free play of

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\* See MITTEILUNGEN DES RHEINISCH-WESTFAELISCHEN INSTITUTS FUER WIRTSCHAFTSFORSCHUNG No 3, 1981, p 206.



market forces, but not substitute for it. It is emphasized particularly that, despite all its importance, structural policy is not sectorial planning and should not be such. "The logic of structural policy," the West German economist W. Meisner, for example, writes, "follows the development trend of the capitalist economy.... It is more an instrument of the efficiency promotion of the system than a means for accomplishing social-political goals."\*

## II

In the majority of developed capitalist countries measures for influencing economic proportions have long occupied an important place in the arsenal of means of state-monopoly regulation. The shifting of the accent from the purely marketeering to the structural approach began back in the 1960's. But the stormy processes occurring in the world capitalist economy are exerting a pronounced influence on the shaping of structural policy. This is being manifested in the extension of intercountry cooperation relations and also in the fact that the nature thereof is increasingly beginning to be determined by the strategy of neocolonialism. True, if only the quantitative aspect of the ongoing changes (in its socialized form) is considered, one may get the impression that the epicenter of the economic relations connected with the international capitalist division of labor is shifting in the direction of the production interaction of the developed capitalist countries, while the significance of economic relations with the developing states is receding even more into the background (see table).

Average Annual Growth Rate of GNP and Foreign Trade in the Developed Capitalist and Developing Countries (%)\*\*

	GNP		Exports	
	1960-70	1970-79	1960-70	1970-79
Developed capitalist countries	5.1	3.3	8.5	6
Developing countries	5.3	5.7	6.7	3.3

\*\*Constant prices.

Estimated from "Handbook of International Trade and Development Statistics, Supplement 1980," United Nations, New York, 1980, pp 46, 342-345.

Indeed, it can be seen from the adduced figures that the developed capitalist countries' foreign trade constantly and considerably outstrips the rate of increase in GNP. Even the crisis of the mid-1970's, which led to a decline in all indicators, did not change the trend. Furthermore, the said preferential development became even more distinct. Under conditions where the proportion of reciprocal supplies in the industrial exports of Western countries is over 70 percent such "outstripping" foreign trade rates are possible primarily thanks to the increase in intercountry specialization and cooperation in the developed capitalist world.

\* ZEITSCHRIFT FÜR WIRTSCHAFTS- UND SOZIAL-WISSENSCHAFTEN, Brochure 5, 1981, p 552.



The picture for the developing countries as a whole is different. Whereas in the 1960's they increased their role somewhat in the international capitalist division of labor (the negligible preferential development of foreign trade compared with GNP is confirmation of this), in the following decade they began noticeably to lose it. A principal reason for this was the fact that international production cooperation develops more intensively in processing industry. In the majority of young states, however, only the first shoots of a national industry are appearing. It still has a very long way to go to component specialization. At the same time, however, in the 1970's there was a sharp intensification of this process in the industrial powers under the influence of scientific-technical progress. As a result the dissimilarity and incompatibility even of the production structures of the two groups as a whole increased. Consequently, there was also an increase in the economic gap between them.

However, it should be considered that economic differentiation is increasing among the young Asian, African and Latin American states. For this reason the average values pertaining to the aggregate of emergent countries conceal increasingly divergent indicators. It is known that the entire developing world is subdivided in this connection into several groups. Among them at one pole are the poorest countries, whose position deteriorates from year to year and whose future is being painted in a very cheerless light, while at the other is a small group of countries and territories--exporters of industrial goods or "new industrial countries". Figuring among these more often than not are Argentina, Brazil, Mexico, Saipan (Hong Kong), Singapore, Taiwan and South Korea (which today account for approximately 70 percent of the entire developing world's total industrial exports).

By virtue of a number of economic-geographical and military-political factors, these countries and territories have found themselves specially targeted by imperialism.\* A massive influx of at first state and subsequently private sums of capital into their economies has been observed since the latter half of the 1960's. The number of affiliates of foreign companies has multiplied from day to day. A considerable proportion of them was created as the result of the transfer of obsolescent industrial processes from the developed capitalist countries. All this reflected the aspiration of private monopoly capital to tackle the structural problems engendered by scientific-technical progress, modernize industry, rid themselves of obsolete sectors and simultaneously achieve an increase in the competitiveness of the products. Large-scale industrial enclaves--"free export zones"--were created in the "new industrial countries". Here the transnational corporations (TNC), using cheap local manpower, organized production of products with higher-than-usual competitiveness intended predominantly for supplies to the world capitalist markets. The said group of countries and territories was thereby turned into an active participant in the neocolonial division of labor.

The affiliates set up by the TNC manufactured individual components and parts which were subsequently sent to the plants of the mother company for final assembly. Some of the enterprises located in the developing countries and territories, on the other hand, specialized only in assembly. As a result

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\* See in this connection MEMO No 11, 1981, pp 71-81.



the economic relations of the developed capitalist states with the "new industrial countries" came to be based on the expanding intrasectorial division of labor. This conclusion is also confirmed by the following data. The average annual GNP growth rate of the group of developing countries and territories in question declined from 8.1 percent (1960-1970) to 7 percent (1970-1979) with a simultaneous increase in the exports indicator from 5.8 to 10.9 percent. In the 1970's the exports of the "new industrial countries" increased by a factor of roughly 1.8 more quickly than the commodity exports from the developed capitalist countries and by a factor of more than 3 faster than exports from all the emergent countries as a whole.

However, considering the imposed nature of industrialization in the said group of industrial product exporters, it should be acknowledged that the dynamism of their exports is to a considerable extent an artificial phenomenon. It does not testify to the genuine development of the national economy but represents the result of the relocation of enterprises from the capitalist centers to the periphery and the creation of "export sites" there. For this reason the said group's high foreign trade indicators, which are formally incorporated in the overall statistics of the developing world, in fact reflect to a considerable extent the activity of overseas affiliates of the TNC.

It is known, for example, that the overseas sector of the TNC accounts for 40 percent of the industrial production of the developing world. In the "new industrial countries" this indicator is markedly higher: in Argentina it constitutes 44 percent, in Brazil 50 percent and in Mexico 52 percent.\* The data for Singapore are even more eloquent: 65 percent of workers are employed and 75 percent of the industrial product is produced at the industrial enterprises belonging to the TNC or connected with them. According to the data for 1979, over 270 industrial and other companies which are affiliates of TNC of the United States, the EEC countries and Japan were operating in the country.\*\* The economy of such major exporters of industrial products as Saipan and Taiwan is in the hands of international corporations.

As far as the developing countries' exports are concerned, the share of foreign monopolies in them is even higher than in production itself. Currently 50 percent of the young states' foreign trade is in the hands of international finance capital. At the same time it should be noted that the involvement of the export-oriented countries and territories in the world capitalist reproduction mechanism is contributing to the emergence of local firms and even monopoly associations, which are also beginning to participate in export expansion.

However, regardless of who supplies the product for export, the fact is that the extension of the division of labor between the capitalist states on the one hand and the "new industrial countries" on the other in the 1970's occurred considerably more quickly than analogous processes within the framework of relations between the industrial powers themselves (their exports under the conditions of the crisis declined, while the component division of labor long since passed the initial phase, which is characterized by high dynamism).

\* See EKONOMICHESKIYE NAUKI No 7, 1983, p 68.

\*\* See E. S. Nukhovich, "International Monopolies in the Strategy of Neocolonialism," Moscow, 1982, p 162.



The increase in intercountry cooperative relations is leading to an intensification of foreign trade. And this, in turn, means a toughening of the international competitive struggle. In recent years there has been a considerable exacerbation of trade rivalry among developed capitalist countries. Trade wars in the automobile, steel and electronics industry markets have become a customary phenomenon. No less intensive in the 1970's was the increase in commercial clashes caused by the influx of industrial commodities from the "new industrial countries".

Both branches of the competition exert a pronounced and differentiated influence on the economy of the Western countries. When it is a question of an increase in commercial rivalry between developed capitalist countries, sectorial problems usually do not arise. The struggle embraces predominantly the highly concentrated and monopolized sectors of industry, where the forces of the rivals are roughly equal. Adaptation and reorganization occur, as a rule, at the intrasectorial level--along the lines of modification of the commodity and an increase in its quality specifications. Price differences for products of the same type are small by virtue of the closeness of the production conditions in individual countries, and they are not for this reason a factor prompting the intersectorial transfer of capital. The structural problems which arise are tackled predominantly by the forces of the market mechanism. The activeness of the state is manifested merely in the sphere of the infrastructure and the so-called sectors of the future.

A different influence on the production structure in the Western countries is exerted by the growing influx of goods from the "new industrial countries". Primarily competition in this case is of a local-sectorial nature inasmuch as only individual types of production are transferred to the developing countries. This alone can and does create sectorial problems. Further, owing to the low pay, production costs in these developing countries and territories differ appreciably from the level of analogous outlays in the developed capitalist states. As a result a real "price war" has developed on a number of markets (first of consumer and subsequently of investment commodities). The "battle" is under way essentially between the TNC which have created a network of overseas affiliates and also certain large-scale companies of the developing countries themselves on the one hand and small firms of Western countries on the other. It is difficult for the latter to survive in this struggle. Their opportunities for maneuver in the price sphere are limited: there are insufficient resources for rapid retooling, and attempts at a direct reduction in the workers' earnings encounter the resistance of the unions.

In a number of instances the firms attempt to find a way out by switching to the manufacture of products which would be more intricate, of better quality and more fashionable than the commodities produced in the developing countries. But even such reorganization does not always help. The discrepancy in the level of prices of commodities manufactured locally and imported from abroad is too great. For many customers it is preferable to the difference in quality or novelty. As a result medium and small firms are frequently ruined. The amount of production and the numbers of those employed in certain sectors are reduced in absolute terms. The changes ultimately encompass not only the intra- but also the intersectorial level.



The seriousness of the structural problems which arise depends to a considerable extent on the developing countries' share of the capitalist states' imports of industrial products and also on the degree of production concentration in the sectors affected by competition. A different combination of the said factors is manifested in certain industrially developed Western countries. All this is reflected in the nature of the measures of structural regulation adopted by the state.

It is well known, for example, that a powerful stream of industrial commodities from the "new industrial countries" is directed toward Japan and the United States (whose corporations have the biggest scale of production in the developing world). In 1980 some 26 percent of the industrial goods imported by Japan came from the developing countries, the similar indicator for the United States being 25.1 percent. At the same time, however, a significant stratum of small-scale employers has been preserved in many sectors of Japanese industry, and in this connection the structural disorders caused by foreign competition have reached particular intensity in Japan. The situation in the United States in this respect is less dramatic. The local firms of a number of sectors affected by competition possess, thanks to their size, sufficient financial resources for maneuver.

In the economy of West Europe the pressure of the products coming from the "new industrial countries" is, as a whole, markedly weaker. Thus in 1980 the corresponding indicator for Britain was 10.7 percent, Italy 10.6 percent, France 10.2 percent, the FRG 12.6 percent and Sweden 6.6 percent.\* But it should be considered here that in many sectors of industry of West Europe medium and small firms predominate. For this reason even the small (compared with the imports of the United States and Japan) volumes of products coming from the said group of countries and territories lead to the ruination of enterprises, which are incapable of withstanding the pressure of low prices. As a result, in the FRG, for example, in the period 1974-1981, given a reduction in employment throughout processing industry (the influence of the economic crisis) of 8.2 percent, the numbers of persons working in the sectors most affected by foreign competition (textiles, garment, footwear) declined 23.3 percent. A similar situation can be observed in Britain: from 1970 through 1981 throughout processing industry the decline in employment constituted 33 percent, and in the textile industry 50 percent. Thus the working people are paying for the policy of the TNC, which is aimed at the establishment of a neocolonial division of labor, in the accelerated loss of jobs.

### III

The reaction of the capitalist states to the problems caused by the tightening of the competitive struggle is determined to a considerable extent by the seriousness of these problems. The example of Japan is particularly graphic. As is known, the powerful trading monopolies are the leading exporters of capital in this country. Back in the mid-1960's even they organized in East and Southeast Asia the manufacture of many consumer goods on the contractual

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\* "Development Cooperation. 1982. Review," OECD, Paris, 1982. p 40.



basis. As of the start of the 1970's many industrial monopolies began to transfer laborious operations to neighboring developing countries. The pressure of the products coming back into Japan made the position of "yesterday's" sectors even worse. In the later half of the 1970's the government declared that a number of sectors were in dire straits.

Emergency measures were formulated in this connection. Their principal purpose was support for small-scale and medium business. In particular, efforts were made to help the small firms switch in to international business and rectify their shaken position thanks to production-commercial transactions in the developing countries (the relocation of activity overseas was for many firms the sole method of survival under the conditions of exacerbated competition).

The Japanese Government embarked in 1973 on granting the necessary financial resources. The firms began to obtain preferential credit in cases where they had made investments in developing countries. The amount of the resources allocated for this purpose is growing from year to year: 23 billion yen were granted in 1974, 42 billion in 1978. In addition, the state is rendering the small companies information and consultation assistance in the organization of production in the emergent countries. This is done via research organizations financed by private business and the state. As of the mid-1970's there has also been an improvement in the system of insuring overseas investments. The sum total of the securities for overseas capital investments obtained from the government by medium and small firms increased in the period 1974-1978 from 24 billion to 50 billion yen.\* Largely thanks to these measures, 42 percent of overseas capital investments in the developing countries' processing industry are currently made by small companies.\*\* The example of Japan shows the structural regulation measures adopted by the state represented to a considerable extent an attempt to smooth over the acute contradictions between the large-scale entrepreneurs on the one hand and medium and small entrepreneurs on the other which arose in the course of the establishment of the neo-colonial division of labor.

The influx of commodities from the "new industrial countries" to U.S. markets prompted the U.S. Administration also to measures in the sphere of the production structure. Thus in the period 1977-1980 a program of the recovery of the footwear industry was adopted which provided for assistance to the small firms of this sector of the order of \$56 million. However, as a whole, the state refrained from direct economic intervention in the structural processes. The adopted measures are of a more administrative nature and amount to the formulation of restrictions on imports of competitive products from Asian and Latin American exporter-countries. With the R. Reagan administration's occupancy of the White House the emphasis on market forces in the country's economic policy increased.

In the West European countries the pressure of price competition on the part of commodities coming from the developing countries is, as a whole, less than in the United States and Japan. In this connection state measures of a structural nature in West Europe are of a somewhat different thrust. A considerable place among them was occupied by state subsidizing of the development of

\* See H. Koerner, K.-H. Gruenewald, J. Plathottathil, "Industrielle Arbeitsteilung zwischen Industrie- und Entwicklungslaendern und Strukturanpassung," Munich, 1981, p 56.

\*\* See T. Ozawa, "Multinationalism. Japanese Style," New Jersey, 1979, p 26.



the infrastructure for ensuring high competitiveness in respect of rivals from other industrial powers and consolidating technological and general economic superiority to the developing world as a whole. A developed infrastructure, a publication of the FRG federal Ministry of Economic Cooperation observes, often represents an essential prerequisite for the expansion of new industrial sectors oriented toward innovation. At the same time state support for small business is also exercised in the West European countries. Such measures are practiced extensively in Britain, the FRG and France.

The specific features of structural policy are also determined to a considerable extent by the economic precepts of the ruling party. Two directions in structural regulation may be distinguished in this respect.

A policy aimed at preserving the existing production structures thanks to the granting of subsidies is pursued in many cases. The policy of the Swedish Government is indicative in this respect. The preservation of jobs is one of its program goals. For this reason a system of granting bonuses and tax concessions to employers (primarily in the textile, garment and shipbuilding industries) if they refrain from dismissals is practiced here. Through issuing direct subsidies the state assumes part of the expenditure on payment of the work force in structurally weak sectors. As a result the price of manpower in these sectors is artificially lowered, which increases the competitiveness of their products. The resources for carrying out such measures are derived either from the state budget or from the reserve investment fund, which was created in the 1970's. A special body which keeps a watch on the state of the labor market deals with the allocation of its resources. Part of the profit which the employers transfer to the said fund and subsequently channel into purposes recommended by the state is tax exempt. These allowances have been attractive for the employers. Thus in the period 1964-1975 some 20 percent of capital investments in industry were made via the reserve investment fund. In 1978 spending from this source on the creation of jobs constituted 500 million krona. The practice of granting bonuses for the retention of jobs also exists in Australia, Austria, Belgium, Holland and Finland, but on a far smaller scale.

In a number of other capitalist countries there is no special state assistance for the purpose of preserving jobs in sectors weakened by competition. And in Japan, which is emphatically oriented toward pursuing a "strategy of advancement," assistance to those who are less than fully employed in the said sectors in 1975-1977 even declined--from 55 billion to 2 billion yen.

The policy aimed at conservation of the existing sectorial structure is not confined to allocation of resources for maintaining the level of employment in a given sector. In cases where production is being wound down and considerable dismissals are inevitable the state prompts the employers to organize courses to improve the workers' vocational education and retrain them. In Sweden, for example, employers are compensated for 75 percent of expenditure on the wages of workers undergoing retraining. In addition, budget resources are also allocated for the organization of such courses. All this facilitates the transfer of sums of capital to the production of more complex products. Thus in 1978 the Swedish Government made 2.7 billion krona available for a



rise in the level of education and retraining.\* There is similar expenditure in Austria, Belgium, Holland, the FRG and Finland.

Another direction of structural policy is realized in instances when the state sets as its goal the active reorganization of the sectorial structure which has evolved. Measures are then applied aimed at winding down the old processes and a "shakout of jobs" for new ones. Recourse is had to such measures when tough competition on the part of industrial commodities from the "new industrial countries" affects no longer individual types but whole sectors of production. In such situations intrasectorial reorganization is no longer sufficient. For this reason the state ceases financial support for such sectors for the purpose of winding them down. The recommendations of the European Communities Commission, in particular, point toward this.

More decisive actions also are possible: special bonuses for the winding down of production in certain sectors. For example, the British Government planned in 1983 to pay steel plant proprietors 40 million pounds sterling for dismantling 30-40 percent of capacity for the production of steel castings and forgings. Such methods are also practiced in Holland. The winding down of production capacity is also practiced in Japan on the basis of the law enacted in 1978 on emergency measures to stabilize the situation in the uncompetitive sectors (with the help of long-term special credit). Quotas for a reduction in production have even been determined here: it was planned to reduce the production of fiber from polyester 10 percent, nylon fiber 19 percent, aluminum 32 percent, ships 35 percent and fertilizer 45 percent.\*\* The introduction of "dismantling bonuses" is being proposed increasingly assertively in publications of state departments of the FRG.

The encouragement of firms to wind down production at home is often accompanied by measures inducing the employers to the direct relocation of production capacity in the developing countries. Thus in 1980 the West German Government granted the employers DM50 million of preferential credit for this purpose. It is planned to increase the amount of the assistance in the future. In the United States the federal authorities endeavor by indirect taxation influence to facilitate for the corporations the possibility of relocating laborious processes to the emergent countries. The Japanese Government also sometimes adopts such measures in respect of large-scale companies. All this is being undertaken in unison with the UNIDO program for the relocation of a number of processes to the developing world which was put forward in 1977.

As a whole, despite all the distinctiveness of structural policy in individual developed capitalist countries, the common thrust of the adopted measures is obvious. It reflects the endeavor of national detachments of the bourgeoisie to use the power of the state to adapt to the changing world economic relations and emerge from the crisis which has embraced the world capitalist economy. State subsidies, preferential credit and tax policy are being commissioned for an essential reorganization of the structure of production. Given state assistance, the technically most progressive types and sectors of production

\* See OECD. ECONOMIC SURVEYS. SWEDEN, April 1979, p 51.

\*\* IFO-SCHNELLDIENST, 16 December 1980, p 19.



are concentrated and the workers' high professional-qualifications level is constantly maintained in the capitalist centers. The state prompts the transfer of obsolete processes, on the other hand, representing ballast for the economy, to the developing world. The modernization of the system of neo-colonialism is secured thanks to these shifts occurring in capitalist reproduction at an intercountry level.

As a result the imperialist powers' plunder of the developing countries is growing. The increased degree of exploitation of the super echelon of the developing countries and territories dragged into the "new international division of labor" is proof of this. Thus whereas in 1980 per inhabitant \$92 of income in the form of profit and interest were exported from the "new industrial countries," for all the remaining developing countries this indicator constituted only 13 percent.\*

The industrially developed capitalist countries' application of methods of structural policy in their relations with the developing states is an example of how the arsenal of resources of neocolonialism changes and is transformed depending on the processes occurring in the world capitalist economy. "Gifts" and subsidies have increasingly been superseded by the credit "assistance" of Western states and international finance organizations. Private capital investments both in entrepreneurial and loan form and the sale to the developing countries of technology and services subsequently began to operate in the sphere of "cooperation". Finally, recently the enumerated forms have been supplemented by methods of structural policy.

A kind of dialectic of the forms of neocolonialism can be seen in this movement. The main tendency is manifested in the increased expansion of the TNC. But it was precisely the monopolies' emergence in the forefront which then again brought about the need for the stimulation of the state. And, furthermore, no longer in the sphere of the preparation of the conditions for the expansion of private capital but in the removal of the "side phenomena" of the neocolonial division of labor being realized by capitalist firms.

Structural policy has been enlisted by bourgeois states in the accomplishment of the tasks for removing the acute contradictions engendered by the changes in the international capitalist division of labor. As a result it has gained additional impetus to development, assumed a new nature and become a component of the present-day strategy of neocolonialism.

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\* Estimated from "Handbook of International Trade and Development Statistics. Supplement 1981". United Nations, New York 1982, pp 230, 264, 268; "Development Cooperation. 1982 Review," p 256.

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1982 BOOK ON SOVIET FOREIGN POLICY REVIEWED: 'DIPLOMATIC HERALD'

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 125-127

[A. Yakovlev review: "A Timely and Needed Publication"]

[Text] The start of the 1980's will go down in the history of international relations as the time of the sharp intensification of the confrontation of the states of the two systems. The destructive initiative in this respect belongs to U.S. ruling circles. As Yu. V. Andropov, general secretary of the CPSU Central Committee, emphasized at the June (1983) Plenum, the period currently being experienced by mankind is distinguished by "a confrontation of two polar-opposite world outlooks and two political courses--socialism and capitalism--unprecedented in its intensity and seriousness. A struggle is under way for the minds and hearts of millions of people in the world. And man's future will depend to a considerable extent on the outcome of this ideological struggle. Whence it is understandable how important it is to be able to convey in intelligible and convincing form the truth about the socialist society, its advantages and its peace policy to the broadest people's masses throughout the world. It is no less important to skillfully expose fraudulent, subversive imperialist propaganda."

The publication of the new annual, "Diplomaticheskii vestnik,"\* which illustrates the basic problems of Soviet foreign policy and diplomacy, which has been undertaken by the USSR Foreign Ministry Diplomatic Academy, appears timely and valuable under current conditions. The first installment of the Herald is very successful and conveys a sense of the tension of international life in the context of the conspicuous features of the times and participation in events in this crucial hour of history with all its difficulties and abrupt twists. The "Diplomaticheskii vestnik" has assumed an important function: consistently and purposefully revealing the peace-loving policy of the CPSU and the Soviet state, its constructive and transforming force and increasing impact on the international situation as a whole and individual aspects thereof.

The Herald comprehensively and at the same time popularly illustrates the most acute problems and events connected with the struggle for peace, international security, general and complete disarmament, the freedom and independence of

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\* "Diplomaticheskii vestnik . God 1982" [Diplomatic Herald. 1982], Moscow, izdatel'stvo "Mezhdunarodnyye otnosheniya", 1983, 208 pages.



the peoples and broad, equal and mutually profitable cooperation between states. It reveals the significance of the USSR's most important foreign policy initiatives, shows the practice of implementation of the principles of Leninist foreign policy and analyzes specific foreign policy acts of the Soviet Union (meetings, negotiations, agreements, statements and so forth) in the sphere of both multilateral and bilateral relations with socialist, developing and capitalist states. The Herald provides a scientifically substantiated class evaluation of the main international problems and events of our time.

The "Diplomaticheskii vestnik" fills a certain gap in national literature devoted to the USSR's international relations and foreign policy. We lacked such a large-scale annual publication setting as its special goal a systematic illustration of the problems of foreign policy and diplomacy from the viewpoint of the interests of the USSR and the entire socialist community and at the same time providing multifaceted information-reference material useful both for specialists in the field of international relations and for a broad readership.

Naturally, not all aspects of the USSR's foreign policy and diplomacy could have been a subject of examination in a single installment of the Herald. But the basic, cardinal directions connected with the efforts of the CPSU and the Soviet state to implement the Peace Program for the 1980's are sufficiently fully and adequately reflected in the book.

In the address to the readers which opens the Herald A. A. Gromyko, member of the CPSU Central Committee Politburo, first deputy chairman of the USSR Council of Ministers and USSR foreign minister, observes that in the current period of world development particular importance "is attached to propaganda of the CPSU's Leninist peace-loving foreign policy and explanation to the masses of the danger of the arms race which has been unleashed by the imperialists and the most severe consequences of the aggressive militarist policy of the United States and NATO and exposure of the myth of the 'Soviet military threat'" (p 4). The Herald's content is a concretization and illustration of these words.

The introductory article by Academician S. L. Tikhvinskiy, chief editor of the publication and rector of the USSR Foreign Ministry Diplomatic Academy, which determines the basic content of the Herald, is of considerable interest. Analyzing against a broad historical background the specific steps taken by the CPSU and the Soviet state in realization of the Peace Program for the 1980's, the author emphasizes that the struggle for peace and international security and an easing of the threat of nuclear catastrophe is the pivotal direction of the foreign policy activity of the CPSU and the Soviet state. The direction of the foreign policy of the imperialist NATO states, which, while paying lipservice to the principles of equality and equal security, reciprocity and nondetriment to any party are in practice attempting to achieve essential unilateral military advantages over the socialist communist countries, is directly opposite. But under the current conditions of the approximate equivalence of the opposed forces, S. L. Tikhvinskiy writes, "it is impossible, even by means of the most massive investments and specific efforts, to acquire the capacity for delivering a disarming first strike" (p 13).

A number of articles of the Herald is devoted to the activity of the CPSU and the Soviet state on such cardinal questions of the present day as the curbing of the arms race and the strengthening of European security. Their authors,



prominent Soviet diplomats and scholars, examine creatively and with procedural accuracy a broad range of the USSR's initiatives in various international forums and negotiations--the Madrid meeting of the participants in the Conference on Security and Cooperation in Europe, the negotiations on limiting and reducing armed forces and armaments in Europe and the UN Disarmament Committee sessions in Geneva. They trace the struggle of the two diametrically opposite approaches in world politics in the example of specific issues: the SALT I and SALT II treaties, the cessation of nuclear weapon tests, the banning of chemical weapons, the signing of the General Treaty on the Nonuse of Force and the banning of neutron and radiological weapons.

The articles devoted to questions of socialist internationalism and the military-political cooperation and economic integration of the socialist countries study on the basis of a wealth of factual material and creatively a broad range of problems of interstate relations of the new type and also the peace initiatives put forward by the fraternal countries within the Warsaw Pact framework.

The multilevel complex of relations between the USSR and the developing states--from bilateral cooperation through the positions of both groups of countries at such international forums as the Third UN Law of the Sea Conference, the UN conference on the least developed countries and special and regular sessions of the UN General Assembly--is illustrated in a separate article, which is highly interesting in terms of its analysis.

The studies in the Herald on such urgent questions as the Near East crisis and out diplomacy's struggle for implementation of the Soviet peace program for the Indian Ocean and the Persian Gulf are of great significance.

The negative influence of the economic problems of capitalism on their foreign policy; an analysis of the depth and nature of the current stage of interimperialist contradictions between the United States and West Europe; the concrete aspect of the USSR's relations with the developing countries; international-law questions of states' cooperation for the solution of global problems--such is the basic subject matter of the second section, which is headed "Current International Relations".

The articles pertaining to international (UNESCO) and regional (EEC, ASEAN) organizations and military-political alliances (NATO), which analyze the political nature and basic directions of the activity of these organizations and also provide an exhaustive exposition of the USSR's positions with respect to them, are highly educational.

The section "From the History of Soviet Diplomacy. Recollections of Soviet Diplomats," in which the prominent Soviet diplomats V. A. Zorin and L. I. Mendelevich write, will be of undoubted interest, and not only to international affairs specialists, moreover, but also a broad readership. They recount Soviet-French relations in the 1960's-1970's and the progress of the 1972-1973 multilateral consultations on preparations for the All-European Conference in Helsinki.



The USSR Foreign Ministry Diplomatic Academy is one of the biggest active research centers. It is for this reason that the brief survey of its scientific life in the Herald is so valuable. It contains information on the scientific publications prepared in the Academy, and the main attention, furthermore, is paid to major collective research. There is information here on the scientific conferences held in the Academy and cooperation with the related establishments of a number of other socialist countries.

The "Chronicle of the Main Foreign Policy Actions and Diplomatic Activity of the Soviet Union" adduces a list of top-level meetings of Soviet party and government leaders with the heads of state and government of foreign countries, their speeches on foreign policy issues, the dates of the Soviet side's signing of the most important international bilateral and multilateral documents, the addressees of congratulatory telegrams, publications of USSR Government statements and appeals, USSR Foreign Ministry statements and TASS statements and publications of Soviet drafts of official documents. Such material is of direct value both for international affairs specialists and practical workers of Soviet diplomacy.

It would seem that the appearance of the "Diplomaticheskiy vestnik" will make an impressive contribution to the accomplishment of the tasks which the party and government set Soviet international affairs specialists. It is also undoubtedly the reader's right to expect the appearance of just as interesting subsequent volumes of this promising publication.

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# TRANSLATED BOOK ON POSTWAR FINNISH CAPITALISM REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 127-129

[S. Men'shikov review: "Factor of Stability and Independence"]

[Text] A comprehensive work\* by a group of Finnish Marxist scholars headed by Pekka Kosonen has appeared in Russian. Judging by its title, the authors did not consider it sufficient merely to illustrate the general Marxist theory of capitalism in the example of Finland but saw it as their task to show the new forms of the manifestation of the regularities of capitalism and their analysis with regard for the country's specific singularities.

The book begins with a description of the conditions of the formation of Finnish capitalism. The rapid development of industry pertains here to the end of the 19th century, when the businessmen were able to export their commodities to Russia tariff-free, while certain West European countries had eased protectionist restrictions on timber imports (pp 14-15). The first cartels began to emerge in the country at literally the same time, while at the start of the 20th century the creation of large trusts and banks marked the final transition to the monopoly phase. The authors explain the fact of this transition occurring so rapidly by the influence of the general trends of monopolization in the most developed states (pp 20-21).

Tracing the further development of these processes in the modern era, the authors point to the dominating position in the country's economy of finance capital and finance groups, primarily the groupings rallied around the United Bank of Finland and the National Commercial Bank (pp 80-81). A big part in the system of monopoly domination is played by various employer organizations representing the biggest trusts and banks and exerting a powerful influence on the machinery of state (pp 219-221).

State-monopoly capitalism has also enjoyed great development since the war. The proportion of state expenditure in the GNP is over 25 percent, while together with the spending of enterprises of the public sector it is 35-40

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\* "Finlyandskiy kapitalizm. Issledovaniye obshchestvennogo razvitiya i yego protivorechiy v poslevoyennoy Finlyandi" [Finnish Capitalism. Study of Social Development and its Contradictions in Postwar Finland], translated from the Finnish. Moscow, izdatel'stvo "Mysl'," 1983, 296 pages.



percent (p 44). The relative significance of state ownership is high in Finland--among the highest of the developed capitalist countries. There are state enterprises not only in extractive industry and in the infrastructure (transport, power engineering) but also in sectors with a high degree of processing (chemicals, metal working, paper industry). The creation of joint ventures with the attraction of state capital has become more frequent recently. The high level of state ownership is explained by economic crises, a shortage of monetary capital and the comparatively low competitiveness of the private firms on international markets (pp 92-95).

State-monopoly regulation in Finland is distinguished by a number of singularities. Attempts to actively influence the course of the cycle are alien to it. Emphasis is put on the financing of large-scale enterprises and wage regulation. In periods of recession measures are adopted to reduce state spending and personal consumption, which is reflected negatively in the position of the working people (pp 59-60). Incomes policy, which was actively pursued in the 1960's-1970's, was also aimed at enlisting the workers parties and organizations in implementation of state-monopoly regulation, and, furthermore, there was a gradual "strengthening of the corporative mechanism, important units of which are the headquarters of the monopolies, reformist executive authorities of the trade union movement and the government of the country" (p 226).

Together with other capitalist countries Finland found itself in the latter half of the 1970's and at the start of the 1980's involved in a profound economic crisis. Production had stagnated and declined at times. Unemployment grew from 2 percent of the work force at the start of the 1970's to more than 6 percent in 1982. The working people's real income declined. Under these conditions economic policy should, seemingly, have been changed and the center of attention shifted to ensuring employment. However, as the Marxist scholars write, the emphasis is being put, as before, on the stimulation of investment, preservation of the competitive capacity of the export sectors and restraints on domestic demand in the name of combating inflation (pp 77-79). A special chapter of the monograph is devoted to problems of manpower reproduction, the position of the workers and income distribution.

Speaking of ways to overcome the crisis, the authors emphasize that Finland is experiencing an exceptional market recession and that chronic crisis trends can be seen distinctly in the country's economy. Structural production problems are further complicating a way out of the crisis and the depression. And it is not only a question of the "obsolescence" of the export products here and of relatively capital-intensive production, which is incapable of increasing manpower employment to a sufficient extent. What are needed, we read in the work, are serious structural changes in production. Industrial development which, given the maximum use of scientific-technical progress and the comparatively high qualifications of the work force, would put the emphasis on the creation of jobs. The book examines specific recommendations on this score.



But there is also another question of a fundamental nature. As the researchers observe, "Finland's position in the system of the international capitalist division of labor was and remains a central cause of both its market and structural difficulties" (p 285). In their opinion, trade with the West should be developed, as before, but its one-sided nature and Finland's dependent position in relation to the Western countries' economic alliances and organizations puts obstacles on this path.

In this connection the authors call for the further development of economic cooperation with the Soviet Union since it creates for the Finnish economy elements of stability. Trade with the USSR has changed considerably the structure of Finnish exports and production. Shipbuilding and engineering, which have enjoyed development thanks to it, have made production and exports appreciably more diverse. In terms of the degree of processing of the commodities supplied exports to the USSR are at an above-average level, which has a salutary reflection in employment. The possibility of substantial supplies to the Soviet Union contributes to the strengthening of the competitive positions of Finnish firms on the capitalist market also (pp 46, 192-193).

Interest in economic cooperation with its neighbor is also manifested on the part of a significant proportion of Finland's ruling circles, that is, the state-monopoly structure itself, which is analyzed in the book. It is clear to these circles that relations with the Soviet Union serve as an impressive factor of the relative stability of the Finnish economy.

But there is also another trend--toward Finland's further integration in the system of the world capitalist economy. Its vectors are the transnational corporations and banks, which are not leaving this country in peace either, encountering support in the shape of part of national business circles. The mutual interweaving of the capital of Finnish and foreign monopolies increased in the past decade. The number of foreign enterprises here doubled in the 1970's (pp 178-179). Local banks began to participate in international finance consortia. There was also an increase in the export of industrial capital from Finland to West Europe and the United States.

Transnational capital inspires those who are attempting to intimidate the Finns with fables about Finland's "subordination" to the Soviet Union and the public of the West European countries with the bugbear of some "Finlandization" of Europe as a result of detente and the development of cooperation with the USSR. The entire content of the monograph in question absolutely refutes these insinuations, and convincingly, furthermore, on the basis of solid factual material.

The transnational concept of imperialist ideologists is constructed on the false premise that both small and larger West European countries do not have nor can they have any fate other than subordination to the American monopoly octopus--economically, politically and militarily. The example of Finland and of other European capitalist countries also incontrovertibly proves the opposite. It is precisely the principles of peaceful coexistence and equal and mutually profitable cooperation with socialist partners and with the Soviet Union which are the foundation on which capitalist states may rely in the struggle for economic stability and the preservation of national sovereignty.



And, what is more, small countries and neutral states, as the results of the Madrid meeting show, also have the chance to play an impressive part in the easing of general international tension.

The following words devoted to Soviet-Finnish relations are those of Finnish President M. Koivisto: "Mutual relations fruitful for both sides have become a concrete part of the life of the peoples of our countries. At the same time they serve as a living example of the stable development of relations, exercised on a long-term basis, between countries with different social systems, which is not influenced by the situational fluctuations of international politics." The material of this book serves as sound confirmation of the justice of this utterance.

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## BOOK ON WEST EUROPEAN POLITICAL INTEGRATION REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 129-131

[D. Tomashevskiy review: "West European Integration: New Angle of Approach"]

[Text] The essence and development prospects of the integration grouping in West Europe which emerged more than 25 years ago have been profoundly and comprehensively analyzed by Soviet international economics specialists. It is sufficient to point to the works of M.M. Maksimova, Yu.V. Shishkov, V. B. Knyazhinskiy, Yu.A. Borko and other experts and the articles of S. Madzoyevskiy, D. Mel'nikov and others published in scientific journals, including MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA. However, the problems of capitalist integration and the functioning and development of the Common Market can hardly be considered exhausted. The nature of the integration process, which is complex and specific in the highest degree and which reveals, despite the recessions, zigzags and contradictions, a distinctive dynamism, affords broad scope for the study of different aspects and new features thereof.

The practice of both the internal development of the EEC and its "external functions" shows that, in particular, the political component, inherent from the very outset in the integration process, not only does not lose its significance with the years but moves to the forefront increasingly noticeably. Although the pace and scale of political integration of the Six and then the Ten have been far from those originally planned and the formation based on the Common Market of a single federative- or confederative-type state complex still today even appears to be an unreachable goal, the integration trends in the political sphere have revealed sufficient stability and are today even a palpable reality of international life.

It is in this context that the book in question\* deserves the most earnest attention. Without claiming a complete solution in this work of all aspects of the subject and pointing to the preliminary nature of certain propositions, its author set himself three major tasks. It is a question, first, of the theoretical interpretation of a number of central problems of political integration in present-day capitalism, second, of a critical analysis of the integration concepts of bourgeois political science and, third, of the functioning of the political mechanism which has been created within the framework of the integration grouping and the practice of its mutual relations with the outside world.

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\*"Politicheskaya integratsiya v Zapadnoy Yevrope. Nekotoryye voprosy teorii i praktiki" [Political Integration in West Europe. Several Questions on Theory and Practice] by V. G. Baranovskiy, Moscow, Izdatel'stvo "Nauka", 1983, 264 pages



"The idea of the integration complex of states" expounded in the work, the author observes, "is of a generalized, schematic nature and does not claim to adequately reflect the actual integration process in all its immeasurably more complex manifestations and interconnections. It is a question of the elaboration of certain criteria of scientific study in this sphere and the creation of a logical outline which could, if necessary, be suffused with specific content" (p 37).

Among the questions examined in the monograph we would mention primarily the definition proposed by V. Baranovskiy of political integration among states as the formation of a certain integral complex at the level of their political systems and a process which develops at the level of the political and legal superstructure of the states participating therein (see p 42). Developing his argument, the author emphasizes that political integration is by no means reduced to the institutional aspect (which occupies such a big place in the ideas of bourgeois political scientists) but incorporates the functional aspect. An integration complex, the book says, "may arise even without the merger of political institutions; in this case the political function of the complex as a uniform whole...is ensured by the concerted activity" of the unintegrated institutions (p 44). As practice shows, it is precisely the coordination of the activity of identical state mechanisms of the countries of the Ten which has become more prevalent than the creation of joint bodies for the performance of certain functions of these mechanisms.

The cogent formulation of the question of the correlation of economics and politics in the integration process also merits attention. I believe that this question is of fundamental importance for an understanding of the specifics of the Common Market distinguishing it from other interstate associations of the past and the present day. Not without justification, the author regards the fact that the basis of the emergence and development of the EEC is the objective process of the internationalization of economic life as a factor of the relative stability of the integration processes in the political sphere also.

At the same time, as the book observes, "the integration political system is not some self-originating essence mystically growing out of the integrated economy. The political system of an integrated society acquires its actual forms as a result of actions undertaken by the national political systems" (p 62). Thus the political superstructure of the community is shaped and developed under the impact of the policy of the states and the political struggle not only between them but also within each of them. The activity of governments and other political forces here in support of (or against) integration could also be motivated by considerations extremely far from economics.

Of course, and the author rightly draws attention to this, the extent of dependence on objective economic processes and the degree of influence of purely superstructural factors appear differently for different spheres of political integration: the integration of economic policy, say, is one thing, that of foreign or military policy is another.



For a correct understanding of the actual paths of the West European integration process, particularly in the sphere of policy, much importance is attached to the question of the political interests of the participants in this process. "The unifying trends at the level of the political-legal superstructure are objectively brought about by the process of the internationalization of social life, primarily in the economic-production sphere. At the same time these trends," we read in the book, "prove to be most closely interwoven into the system of the political goals and priorities of the ruling circles of the corresponding countries. The practical development of political integration is becoming the complex and contradictory result of the mutual antagonism, confrontation and reconciliation of the general class interests of the bourgeoisie, the regional interests of West European monopoly capital and the interests of each of its nationally isolated detachments" (p 262).

It should be added to this that the interests of individual countries which are a part of the grouping and which pursue their own "particular" goals, which sometimes may be achieved only at the expense of other of its participants, engender serious confrontations and crises both at the bilateral relations level and in the development of the integration process as a whole. However, ultimately the centripetal trends conditions by the concurrence (complete or partial) of long-term interests prove stronger than the centrifugal trends.

The propositions advanced by the author are underpinned by an analysis of the functioning of the West European integration complex, including its political mechanism. The book observes that as distinct from the initial period, which was characterized by an acute struggle between the disciples of the "supranational principle" and the supporters of traditional methods of interstate cooperation, an interweaving of both lines has been observed recently, with the increasingly pronounced predominance of forms of interstate cooperation.

The elements of the political mechanism of West European integration, which are developing both at the level of national states, members of the Common Market, and the level of the entire integration association, form in aggregate, as the author writes, a highly specific phenomenon which is new both for imperialist states and for the practice of their relations among themselves. "It is a question...of the intrinsically contradictory process, which encounters considerable differences among the participants, of the creation and development of the political-institutional superstructure of the European Community--a process which in concentrated form embodies West European political integration" (p 209).

Despite the very slight probability of the development of foreign policy integration along the supranational path, various elements of the members' foreign policy which are not of an economic nature or in which this aspect is not paramount have been an object of coordination in the Community since the start of the 1970's (see p 245). The Ten is acting increasingly often in the international arena, at least in certain spheres, as a distinctive subject of world politics, with which other participants in international intercourse have to reckon in one way or another. The growth of its assertiveness is observed in all three major complexes of the current system of international relations: between the capitalist and socialist states (West-East), between the industrially developed and developing countries (North-South) and between the centers of imperialist rivalry (United States-West Europe-Japan).



Having expounded and analyzed the foreign policy activity of the Ten, V. Baranovskiy formulates the following proposition: "The influence of the West European integration association on the current international situation is determined mainly and predominantly by its positions in international economic relations. At the same time at least two circumstances are contributing to a strengthening also of the European Community's political positions in the modern world. On the one hand the growing significance of economic problems in the world politics of our time, on the other, the efforts being made in the European Community aimed at the development of foreign policy integration and the creation of the appropriate mechanisms" (p 263).

The author's scientific competence and erudition also manifest themselves in the sections of the work which examine the concepts of bourgeois political scientists. The class thrust, methodological groundlessness and, as a rule, extremely abstract nature, far from reality, of many concepts, particularly the attempts to "quantify" the integration process, are revealed here. Noting that such attempts "can lead only to formalistic structures and the total loss of the meaningful aspects of integration," he draws the correct conclusion that "only a content analysis can reveal the deep-lying processes and establish the cause-and-effect mutual relations between different phenomena and determine the most probable...prospects of integration development" (p 166). In the light of this it is hardly possible to agree with the fact that the elaboration of sufficiently reliable methods of "measurement" is advanced in the book as a task of the Marxist-Leninist theory of integration (see p 150).

The book in question also has certain omissions, some imprecise wording and sometimes an undue prolixity. However, it is not these which determine its appearance. The main thing in the book is the formulation and solution of new scientific problems, profound penetration to the essence of the phenomena in question and the cogency of the theoretical generalizations and conclusions.

V. Baranovskiy's book may with complete justification be commended to the attention of a broad circle of international affairs specialists. The publishing house has to be reproached here for the extremely limited edition (1,950 copies) of this useful and interesting study, which has been commended by the Lenin Komsomol Prize.

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## COLLECTIVE BOOK CRITIQUING WESTERN ECONOMIC THEORIES REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 2, Feb 84  
(signed to press 13 Jan 84) pp 131-133

[R. Kapelyushnikov review: "Bourgeois Concepts and Capitalist Reality"]

[Text] The panorama of bourgeois political economy became far more motley, contradictory and subdivided in the last decade. And it was not so much a question of the growing specialization and complication of the formal tools of research as of the disintegration of the seemingly streamlined and stable structure of economic knowledge which had taken shape in the preceding period.

The end of the 1960's was characterized by the confidence that the "edifice" of bourgeois theory had been completed, in the main, and that in its most important parts it had acquired final form. In the history of science such "final" frames of mind more often than not prove a symptom of impending ideological upheavals. And, truly: the economic thought of the West entered a profound crisis in the 1970's. This is the determining feature of its present state: the old authorities are being repudiated, increasingly new schools and subschools are being formed, ideas which were thought to have been buried long ago are being dragged into the light, the most acute mutual criticism is being conducted, "nonprofessionals" prohibited are invading the "pure" theory, a wave of open "re-ideologization" is under way.... Understanding all these conceptual curves and interweavings and evaluating them promptly and accurately has become incomparably more difficult. This is why each new publication on a critique of current bourgeois economic theories is ensured the reader's attention and interest in advance, as it were.

The book in question\* is a collective work of Moscow State University specialists. Its point of departure may be considered the thought expressed in the foreword: "A critique of new bourgeois ideas and theories presupposes a knowledge of their essence and the system of arguments adduced by the authors and a sound knowledge of the works of the predecessors of contemporary economists: (pp 9-10). Indeed, the authors are not only entirely at ease with

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\* "Kritika antimarksistskikh teorii sovremennogo ekonomicheskogo razvitiya kapitalizma" [Critique of Anti-Marxist Theories of Capitalism's Present-Day Economic Development], edited by Prof L.S. Mikshi, doctor of economic sciences, Moscow, Izdatel'stvo Moskovskogo universiteta, 1983, 232 pages.



the material but also convey the essence of the concepts they examine skillfully and in clear and concise form, without oversimplification.

From the very outset there is emphasis of the dual thrust of the social mandate entrusted to bourgeois political economy: "The attention to economic theory and its development reflects the objective conversion of economic science into a component of social production and control. In the present-day capitalist world a function of economic science is the creation of the scientific basis of the economic policy of bourgeois states, firms, parties and individual politicians" (p 6). In the second--ideological--function the authors distinguish two key aspects--a defense of state-monopoly capitalism and active anticommunism (p 7). They rightly connect the crisis of the West's economic science with the bankruptcy in the 1970's of the evolved forms of state-monopoly regulation. It thus proved incapable of providing adequate recommendations with respect to the practical leadership of the capitalist economy precisely at the time when the need for them had become painfully acute. Whence also the particular, feverish and tense atmosphere in which the bourgeois theorists' "search" proceeded in this decade. The definition of the concept of "crisis" given in this book--with reference to the development of economic theories--is one of the most successful in our literature in terms of clarity and precision: "The crisis of this school or other of bourgeois economic thought is expressed in the fact that the theoretical model of the development of capitalism which has been advanced ceases to correspond to economic reality on such a scale that it is no longer capable of performing its ideological and practical functions" (p 219).

The authors' attention is concentrated on three major problem "blocks": the development of capitalist ownership; the efficiency of state-monopoly regulations; and economic relations between the developed and developing countries. In accordance with this selection, a critical analysis of the theoretical interpretation of given questions by bourgeois economists is presented in three sections of the book. The first section shows convincingly how multidirectional a defense of capitalist ownership can be. On the one hand it is a defense of the proposition of the conversion of private ownership into public ownership as a consequence either of the development of a major corporation (J.K. Galbraith's concept) or of the growing state control of the economy (rightwing Labor Party doctrine). On the other, it is an attempt to prove that the private-ownership base of the capitalist system has expanded even more as a result of the rise in the educational level of the wage workers (the "human capital" concept). Taking as a basis the analysis made by K. Marx in "Das Kapital," the authors reveal the groundlessness of such assertions. Although the most appreciable internal changes have occurred in the economy of capitalism, they have not altered its social nature. The methodological weakness of bourgeois interpretations, the book emphasizes, consists primarily of a confusion of the "economic content of ownership with its legal content" (p 31). The specific characteristic of private-capitalist ownership is not the fact of individual possession (which would mean definition of the nature thereof as a "subject of law") but the fact of the exploitation of hired labor (p 39). State ownership does not constitute an exception here--under the conditions of capitalism it is not public but "general monopoly" ownership (p 53): "The basis of the identification of state ownership with public ownership is portrayal of the bourgeois state as a supraclass body" (p 48).



A sound theoretical level also distinguishes the third section of the book, which examines bourgeois concepts of the "interdependence of the nations," the "peripheral economy" and a "product's life cycle". The analysis of the last of these, which traces its genetic connections with the idea of Ricardo's comparative costs and the (Olin-Kheksher) theorem, is particularly interesting. It is perhaps the work's best chapter.

Less successful, we believe, is the second section of the study. It is here that the most contentious propositions, inaccuracies and simply carelessness (like putting R. Harrod among American economists on p 89) may be encountered. The assertion that "neoclassical synthesis" reflected the "joint theoretical platform of the neo-Keynesians, neoclassicists and monetarists" (p 97) appears odd, for example: monetarists have always been fierce opponents of the idea of "neoclassical synthesis". Nor is the characterization of "neoclassical synthesis" as a "concept of economic growth" (p 102) entirely convincing. It is inaccurate that, according to Phillips' curve, "an increase in prices is caused...by full employment, while crisis is caused by...a fall in prices" (pp 98-99). Should this be understood such that in the phase of upturn the role of cause is assigned the level of employment, and the role of effect the movement of prices, while in the phase of decline they suddenly change places? But the main oversight in the chapter devoted to bourgeois theories of state-monopoly regulation is that it is constructed for the most part on yesterday's concepts which have already been illustrated in quite detailed manner in national critical literature (a reservation must be made here, it is true: yesterday's does not yet mean consigned to the archives). Neither the latest modifications of Keynesianism nor the doctrine of the conservatives have yet essentially come into the author's field of vision. Rare exceptions like the analysis of the views of a most prominent American conservative (U. Fellner) do not alter the general picture. The brief examination of economic conservatism in the conclusion of the book also fails to make good this gap.

The same reproach may also be leveled at the next chapter, which is devoted to the social policy of the bourgeois state: it also has imbibed basically material of the 1960's and the start of the 1970's and it deals insufficiently with the conservative trends in the sphere of social regulation of recent years. This chapter has altogether been written somewhat chaotically; this is most noticeable in the paragraph concerning the institutional-sociological thrust, where there flash before the reader, as in a kaleidoscope, without any attempt at ordering, the "mass consumer society," the "social responsibility of business," the "industrial society," "national priorities" and "quality of life" theories and even the "social choice" and "net state expenditure" concepts, which, it would seem, have absolutely nothing to do with institutionalism. The close rapprochement of the "welfare state" slogan with "welfare economy"--one of the most abstract sections of bourgeois theory--also seems strained (pp 134-135). It is hardly possible to agree with the assertion that in the United States in the 1970's "spending on social priorities" grew slowly, excluding expenditure on education and health care (p 145). It was precisely in this period that there was a sharp deceleration in the growth of investments in education, whereas spending on social security and assistance continued to increase quite rapidly, until on the threshold of the next decade the Washington administration adopted a policy of winding down social programs.



With greater exactingness and attention to detail on the part of the author and the editors these irritating details, which it is annoying to encounter in an undoubtedly useful study in the sphere of criticism of current bourgeois political economy, could have been avoided.

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